

# Grupo Financiero Banorte

*Financial Information as of September 30, 2014*

## 3Q14



**"Bank of the  
Year Mexico  
2013"**



**"Best Commercial  
Bank in Mexico  
2013"**



**"Best Bank in  
Mexico 2011"**



**"Sustainable  
Company"**

**LATINFINANCE**

**"Best Bank in Mexico 2012"**

**The Banker  
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**Institutional  
Investor**

**"Best Latam Management & IR  
Team 2010, 2011, 2012 & 2013"**

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## GFNorte reports Net Income of Ps 11.41 billion in 9M14 and Ps 4.04 billion in 3Q14

The financial information presented in this Quarterly report has been calculated in pesos. The following tables may seem to have some errors but the differences are because of rounding effects.

Income Statement and Balance Sheet Highlights-GFNorte (Million Pesos)										
	3Q13	2Q14	3Q14	Change		9M13	9M14	Change	LTM 3Q14	Change
				QoQ	YoY			9M13		LTM
<b>Income Statement</b>										
Net Interest Income	9,796	10,428	<b>10,875</b>	4%	11%	28,306	<b>31,654</b>	12%	42,087	14%
Non Interest Income	3,177	4,241	<b>4,506</b>	6%	42%	11,746	<b>12,517</b>	7%	15,498	(1%)
Total Income	12,973	14,669	<b>15,381</b>	5%	19%	40,051	<b>44,172</b>	10%	57,585	10%
Non Interest Expense	6,613	6,913	<b>6,884</b>	(0%)	4%	20,735	<b>20,642</b>	(0%)	27,726	3%
Provisions	1,903	2,851	<b>3,253</b>	14%	71%	7,108	<b>8,483</b>	19%	10,317	13%
Operating Income	4,457	4,906	<b>5,244</b>	7%	18%	12,208	<b>15,047</b>	23%	19,543	19%
Taxes	1,084	1,460	<b>1,397</b>	(4%)	29%	2,481	<b>4,356</b>	76%	5,431	55%
Subsidiaries & Minority Interest	153	293	<b>195</b>	(34%)	27%	158	<b>718</b>	354%	919	2397%
Net Income	3,526	3,739	<b>4,042</b>	8%	15%	9,886	<b>11,409</b>	15%	15,031	17%
<b>Balance Sheet</b>										
Asset Under Management	1,833,973	1,993,055	<b>2,048,680</b>	3%	12%	1,833,973	<b>2,048,680</b>	12%		
Total Assets	991,171	1,033,781	<b>1,048,642</b>	1%	6%	991,171	<b>1,048,642</b>	6%		
Performing Loans (a)	413,939	434,743	<b>444,944</b>	2%	7%	413,939	<b>444,944</b>	7%		
Past Due Loans (b)	13,865	14,012	<b>14,951</b>	7%	8%	13,865	<b>14,951</b>	8%		
Total Loans (a+b)	427,804	448,754	<b>459,896</b>	2%	8%	427,804	<b>459,896</b>	8%		
Total Loans Net (d)	413,153	434,113	<b>444,345</b>	2%	8%	413,153	<b>444,345</b>	8%		
Acquired Collection Rights (e)	3,330	3,137	<b>3,050</b>	(3%)	(8%)	3,330	<b>3,050</b>	(8%)		
Total Credit Portfolio (d+e)	416,483	437,249	<b>447,395</b>	2%	7%	416,483	<b>447,395</b>	7%		
Total Liabilities	868,661	916,544	<b>928,026</b>	1%	7%	868,661	<b>928,026</b>	7%		
Total Deposits	430,366	450,817	<b>463,644</b>	3%	8%	430,366	<b>463,644</b>	8%		
Equity	122,511	117,237	<b>120,616</b>	3%	(2%)	122,511	<b>120,616</b>	(2%)		

Financial Ratios GFNorte									
	3Q13	2Q14	3Q14	Change		9M13	9M14	Change	
				QoQ	YoY			9M13	
<b>Profitability:</b>									
NIM (1)	4.5%	4.5%	<b>4.6%</b>	0.2 pp	0.2 pp	4.4%	<b>4.5%</b>	0.2 pp	
NIM after Provisions (2)	3.6%	3.2%	<b>3.2%</b>	0.0 pp	(0.4 pp)	3.3%	<b>3.3%</b>	0.0 pp	
NIM adjusted w/o Insurance & Annuities	4.5%	4.3%	<b>4.5%</b>	0.1 pp	(0.0 pp)	4.3%	<b>4.4%</b>	0.1 pp	
NIM from loan portfolio (3)	7.8%	7.9%	<b>8.2%</b>	0.3 pp	0.4 pp	7.7%	<b>8.0%</b>	0.3 pp	
ROE (4)	14.0%	13.2%	<b>13.8%</b>	0.6 pp	(0.2 pp)	14.3%	<b>13.4%</b>	(0.9 pp)	
ROA (5)	1.5%	1.4%	<b>1.6%</b>	0.1 pp	0.1 pp	1.4%	<b>1.5%</b>	0.1 pp	
<b>Operation:</b>									
Efficiency Ratio (6)	51.0%	47.1%	<b>44.8%</b>	(2.4 pp)	(6.2 pp)	51.8%	<b>46.7%</b>	(5.0 pp)	
Operating Efficiency Ratio (7)	2.7%	2.7%	<b>2.6%</b>	(0.0 pp)	(0.1 pp)	2.9%	<b>2.7%</b>	(0.2 pp)	
Liquidity Ratio (8)	148.2%	134.5%	<b>134.8%</b>	0.2 pp	(13.5 pp)	148.2%	<b>134.8%</b>	(13.5 pp)	
<b>Asset Quality:</b>									
Past Due Loan Ratio	3.2%	3.1%	<b>3.3%</b>	0.1 pp	0.0 pp	3.2%	<b>3.3%</b>	0.0 pp	
Coverage Ratio	105.7%	104.5%	<b>104.0%</b>	(0.5 pp)	(1.7 pp)	105.7%	<b>104.0%</b>	(1.7 pp)	
Past Due Loan Ratio w/o Banorte USA	3.3%	3.2%	<b>3.3%</b>	0.1 pp	0.0 pp	3.3%	<b>3.3%</b>	0.0 pp	
Coverage Ratio w/o Banorte USA	105.5%	104.1%	<b>103.6%</b>	(0.4 pp)	(1.9 pp)	105.5%	<b>103.6%</b>	(1.9 pp)	

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

2) NIM= Annualized Net Interest Margin adjusted by Loan Loss Provisions / Average Earnings Assets.

3) NIM = Annualized Net Interest Margin from loan portfolio / Average Performing Loans

4) Annualized earnings as a percentage of the average quarterly equity over the period, minus minority interest of the same period.

5) Annualized earnings as a percentage of the average quarterly assets over the period, minus minority interest of the same period.

6) Non-Interest Expense / Total Income

7) Annualized Non-Interest Expense / Average Total Assets.

8) Liquid Assets / Liquid Liabilities. Where Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale, while Liquid Liabilities = Demand Deposits + Loans from banks and other organizations with immediate call option + Short term loans from banks.

**GFNORTE's Net Income** increased 15% during 9M14, 15% YoY vs. 3Q13 and 8% QoQ vs. 2Q14 as a combined result of the following movements in the Income Statement:

- **Net Interest Income** increased 12% YoY during the first nine months of the year, +11% YoY vs. 3Q13 and 4% QoQ vs. 2Q14. In all cases, this was due to growth in the loan portfolio, core deposits with a better mix and the expansion in the Net Interest Income of the Insurance and Annuities companies. **The average Net Interest Margin (NIM)** was 4.5% for 9M14 and 4.6% for 3Q14, 16 bp higher vs. 9M13 and +17 bp vs. 3Q13 and 2Q14. (See pages 10-11).
- **In 9M14 Non-Interest Income** grew 7% YoY due to higher trading revenues and service fees. On a quarterly basis, increased 42% YoY vs. 3Q13 and 6% QoQ vs. 2Q14, both increases due to higher service fees and Other Operating Income (Expenses), while the YoY growth was also due to larger trading revenues. (See pages 12-14).
- **Non-Interest Expenses** decreased Ps 93 million, or (0.4%) YoY vs. 9M13 as a result of reductions in Personnel Expenses and Other Taxes and Non-Deductible Expenses. In 3Q14 they increased 4% vs. 3Q13 mainly due to higher expenses such as Professional Fees, Administrative and Promotional Expenses, Rents, Depreciations and Amortizations. Compared to 2Q14, Non-Interest Expenses decreased Ps 29 million or (0.4%) mainly due to a reduction in Personnel Expenses. **The Efficiency Ratio for 9M14 was 46.7%**, (5.0 pp) lower YoY, and **44.8% in 3Q14**, (6.2 pp) lower vs. 3Q13 and (2.4 pp) lower vs. 2Q14. (See pages 14-15).
- **Provisions charged to results** increased 19% in 9M14, +14% QoQ vs. 2Q14 and +71% YoY vs. 3Q13, as a result of higher requirements in the Middle Market Companies', SMEs, Corporate (due to exposures to housing developers), Payroll, Credit Card and Government loan portfolios. (See page 11).

#### Subsidiaries' Results

- **The Banking Sector** (excluding the results of Afore XXI Banorte) reported profits of Ps 7.92 billion in 9M14, +2% YoY; while contributing Ps 2.75 billion to earnings in 3Q14, +8% vs. 3Q13 and +2% vs. 2Q14. In this sector, **Banorte - Ixe Tarjetas** reported profits of Ps 1.42 billion in 9M14, 63% higher vs. 9M13. Quarterly profits totaled Ps 528 million, 91% higher YoY and 3% QoQ. (See page 25-28).
- During 9M14, **Long Term Savings** contributed Ps 2.31 billion to the Financial Group's earnings, +78% vs. 9M13, while contributions to earnings in 3Q14 amounted to Ps 711 million, a 61% YoY growth vs. 3Q13 and (9%) lower QoQ vs. 2Q14. (See page 34-36).
- **The Brokerage Sector** reported profits of Ps 756 million in 9M14, a 53% increase YoY; and contributed Ps 297 million to earnings in 3Q14, increasing by 170% and 16% of YoY and QoQ, respectively. (See page 33).
- The **Sofom and Other Finance Companies Sector** recorded profits during 9M14 of Ps 411 million. Quarterly profits were Ps 211 million. (See page 37-39).

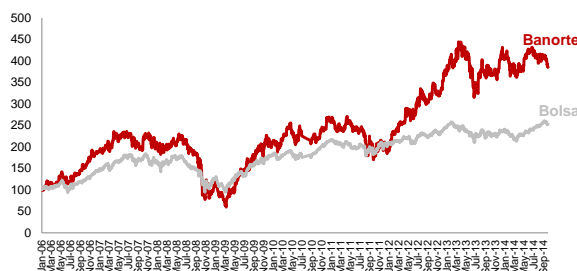
Subsidiaries Net Income (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Banking Sector</b>	<b>2,545</b>	<b>2,683</b>	<b>2,748</b>	<b>2%</b>	<b>8%</b>	<b>7,733</b>	<b>7,917</b>	<b>2%</b>
Banco Mercantil del Norte (1)	2,269	2,171	2,221	2%	(2%)	6,741	6,501	(4%)
Ixe Banco (2)	-	-	-	-	-	126	-	(100%)
Banorte Ixe Tarjetas	276	512	528	3%	91%	866	1,415	63%
<b>Broker Dealer</b>	<b>110</b>	<b>256</b>	<b>297</b>	<b>16%</b>	<b>170%</b>	<b>495</b>	<b>756</b>	<b>53%</b>
Banorte- Ixe-Broker Dealer	84	227	267	18%	219%	428	676	58%
Operadora de Fondos Banorte-Ixe	26	28	30	5%	14%	67	79	19%
<b>Long Term Savings</b>	<b>441</b>	<b>782</b>	<b>711</b>	<b>(9%)</b>	<b>61%</b>	<b>1,296</b>	<b>2,309</b>	<b>78%</b>
Retirement Funds - Afore XXI Banorte	320	334	243	(27%)	(24%)	851	859	1%
Insurance (4)	102	380	390	3%	282%	387	1,248	222%
Annuities (4)	19	69	78	13%	319%	57	202	251%
<b>SOFOM and Other Finance Companies</b>	<b>214</b>	<b>58</b>	<b>211</b>	<b>261%</b>	<b>(2%)</b>	<b>443</b>	<b>411</b>	<b>(7%)</b>
Leasing and Factoring	221	159	161	1%	(27%)	425	491	16%
Warehousing	14	6	8	21%	(47%)	40	23	(42%)
Ixe Automotriz (3)	-	-	-	-	-	15	-	(100%)
Fincasa Hipotecaria (2)	-	-	-	-	-	28	-	(100%)
Sólida Administradora de Portafolios (former Ixe Soluciones)	(22)	(107)	42	(139%)	(292%)	(9)	(103)	1057%
<b>Other Companies</b>								
Ixe Servicios	1	0	1	127%	78%	1	2	111%
<b>G. F. Banorte (Holding)</b>	<b>216</b>	<b>(41)</b>	<b>74</b>	<b>(282%)</b>	<b>(66%)</b>	<b>(81)</b>	<b>15</b>	<b>(118%)</b>
<b>Total Net Income</b>	<b>3,526</b>	<b>3,739</b>	<b>4,042</b>	<b>8%</b>	<b>15%</b>	<b>9,886</b>	<b>11,409</b>	<b>15%</b>

- 1) GFNorte's 98.22% participation of as of 3Q14.
- 2) Ixe Banco and Fincasa Hipotecaria merged with Banco Mercantil del Norte, on May 24, 2013. The presented results correspond to prior periods of that date.
- 3) Ixe Automotriz merged with Arrendadora y Factor Banorte, on May 7 2013. The results presented correspond to prior periods of that date.
- 4) As of October 4, 2013, Seguros Banorte and Pensiones Banorte consolidate 100% in Grupo Financiero, due to the acquisition of the 49% minority stake from Assicurazioni Generali S.p.A.

Share Data	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
Earnings per share (1) (Pesos)	1.32	1.35	1.46	8%	10%	4.05	4.11	1%
Dividend per Share (Pesos) (3)	0.18	0.00	0.20	-	7%	0.55	0.20	(64%)
Dividend Payout (Recurring Net Income)	20.0%	0.0%	20.0%	-	0%	20.0%	20.0%	0%
Book Value per Share (2) (Pesos)	44.24	41.67	42.88	3%	(3%)	44.24	42.88	(3%)
Total Shares Outstanding (Million Shares)	2,671.6	2,773.7	2,773.7	0%	4%	2,442.7	2,773.7	14%
Stock Price (Pesos)	81.73	92.79	85.78	(8%)	5%	81.73	85.78	5%
P/BV (Times)	1.85	2.23	2.00	(10%)	8%	1.85	2.00	8%
Market Capitalization (Million Dollars)	16,573	19,842	17,712	(11%)	7%	15,153	17,712	17%
Market Capitalization (Million Pesos)	218,351	257,374	237,931	(8%)	9%	199,642	237,931	19%

- 1) As of 3Q13, earnings per share calculations consider the new number of shares resulting from the increase in GFNorte's equity following the Public Offering, and are not therefore comparable with previous periods.
- 2) Excluding Minority Interest.
- 3) The Shareholders' Meeting held on December 20, 2013 approved to modify the First Resolution of the Assembly held on October 14, 2013, **in order to make advanced payments on December 31, 2013 of the dividend that would be disbursed on January 23, 2014 and April 23, 2014 amounting to Ps 0.1963 per share, respectively. The fourth and last disbursement was not paid in advance and was disbursed on July 23, 2014.**

SHARE PERFORMANCE  
2006-2014



## SUMMARY OF RESULTS

**Mexico D.F., October 23, 2014.** Grupo Financiero Banorte (GFNORTE) reported results ending September 2014. GFNORTE reported nine-month profits of **Ps 11.41 billion, 15% higher vs. 9M13** due to the positive operating leverage achieved from the 10% YoY growth in total income and a (0.4%) decline in Operating Expenses, effects that offset increases in credit costs and tax payments. Additionally, accumulated annual growth was achieved by lower minority interest resulting from the acquisition of the IFC's stake in Banorte and Generali's participation in the Insurance and Annuities companies, which together with the Credit Card SOFOM, posted favorable business dynamics. **Net income totaled Ps 4.04 billion in 3Q14, 15% higher vs. 3Q13 and 8% vs. 2Q14.** Growth vs. 3Q13 came from positive operating leverage, lower minority interest from the purchase of Generali's participation in the Insurance and Annuities companies. These subsidiaries, together with the credit card SOFOM increased profitability as a result of favorable business dynamics. Offsetting these factors were higher loan loss provisions and taxes. QoQ growth vs. 2Q14 also resulted from positive operating leverage— total revenues grew 5%, while operating expenses decreased (0.4%), offsetting this result were the QoQ increase in loan loss provisions.

**The Banking Sector's (Banco Mercantil del Norte, Banorte-Ixe Tarjetas and Banorte USA) profits for 9M14 totaled Ps 7.92 billion**, contributing with 69% of GFNorte's earnings. The Banking Sector's net profits in 3Q14 contributed with Ps 2.75 billion or 68% of GFNorte's earnings, representing an increase of 8% YoY and 2% vs. 2Q14.

**ROE for 9M14 was 13.4%**, 87 bp lower vs. the same period of last year (due to the dilution effect from the equity offering of July 2013), and **ROA was 1.5%**, 9 bp higher vs. 9M13.

- **Deposits and Net Interest Income**

**In 3Q14 Core Deposits grew 13% YoY** or Ps 46.77 billion, from Ps 364.15 billion to **Ps 410.92 billion**, driven primarily by efforts to promote Banorte and Ixe deposit products, as well as the significant increase in the account balances of some clients, mainly in the Government segment since the end of 2013. On a yearly basis, Demand deposits grew 18% and Retail Time Deposits grew 4%. During the quarter, Core Deposits increased 3% or Ps 11.44 billion vs. 2Q14 due to the 5% increase in Demand deposits, while Retail Time Deposits declined (1%).

**Net Interest Income for 9M14 totaled Ps 31.65 billion**, 12% higher vs. 9M13 due to a better loan mix as a result of growth in the Consumer portfolio; a lower cost of funding due to: i) growth in core deposits, ii) the 100 bp reduction in the reference rate, and iii) payment of two subordinated obligations (August 2013 and April 2014) and the syndicated loan (July 2013); as well as an increase in net interest income of the Insurance and Annuities companies. Net Interest Income for 3Q14 totaled Ps 10.88 billion, increasing 11% YoY and 4% QoQ, as a result of the reasons already described, as well as higher loan origination fees.

- **Loans**

At the end of 3Q14, **Performing Loans reported a YoY growth of 7%**, increasing Ps 31.01 billion totaling Ps 444.94 billion. The Loan portfolio is showing positive growth thanks in part to the gradual recovery of the economy, maintaining a higher growth rate than GDP. Corporate and middle market companies' portfolios (included in the Commercial portfolio) remain subdued by prepayments from customers, which were only partially offset by new loan origination. In 3Q14, the portfolio increased 2% mainly as a result of growth in the Government, Payroll, Corporate, Mortgage and Credit Card loan portfolios.

The Financial Group's **Past Due Loan Ratio was 3.3% at the end of 3Q14**, 1 bp higher vs. 3Q13 and 13 bp higher vs. 2Q14. The YoY increase came from higher Past Due Loan Ratio in the Commercial, Car and Mortgage segments; while the quarterly increase resulted from a higher Past Due Loan Ratio in the Commercial and Mortgage segments.

Excluding Past Due Loans from home developers, the **PDL Ratio was 2.1%** in 3Q14, 30 bp above YoY and 30 bp higher vs. 2Q14.

At the end of 3Q14, **Past Due Loans totaled Ps 14.95 billion**, 8% higher YoY vs. 3Q13 mainly as a result of growth in past due loans for some Commercial (including SMEs), Payroll, Mortgage, Credit Card and Car loan portfolios, driven by the negative impact of the economic slowdown, among other factors. The 7% QoQ growth vs. 2Q14 was due to an increase in the Past Due Loans of some Commercial, SME and Mortgage loans. **The Group's coverage ratio was 104.0%** at the close of 3Q14, decreasing by (1.7 pp) YoY and (0.5 pp) QoQ.

- **Efficiency**

The Efficiency Ratio for 9M14 was 46.7%, (5.0 pp) lower YoY due to the positive operating leverage achieved in the period. In 3Q14, the Efficiency Ratio was 44.8%, (6.2 pp) lower vs. 3Q13 and (2.4 pp) vs. 2Q14 due to tighter management of recurring expenses.

- **Capitalization**

Banco Mercantil del Norte's Capitalization Ratio was 14.95% at the end of 3Q14, with a Tier 1 ratio of 13.38% and a Core Tier 1 ratio of 12.37%.

- **Other Subsidiaries**

During 9M14, **Long Term Savings**, including Afore XXI Banorte and the Insurance and Annuities companies, contributed with Ps 2.31 billion to the Financial Group's earnings, 78% higher vs. 9M13; contribution to earnings in 3Q14 were Ps 711 million, a 61% YoY increase vs. 3Q13 and a (9%) decline vs. 2Q14. YoY growth (vs. 9M13 and 3Q13) was due to better dynamics in the insurance and annuities companies. Additionally, YoY growth came from the reduction in minority interest resulting from the purchase of Generali's participation in the Insurance and Annuities companies. If GFNorte's stake in these companies was considered at 100%, annual growth would have been 64% for the Insurance company and 79% for the Annuities company. The QoQ decline vs. 2Q14 was due to a reduction in the Afore XXI Banorte's net income as a result of a negative operating leverage and the impact on financial products from valuation losses in its investments.

**Banorte - Ixe Tarjetas**, a subsidiary of Banco Mercantil del Norte, reported profits for 9M14 of Ps 1.42 billion, 63% higher YoY, while profits for 3Q14 totaled Ps 528 million, 91% higher YoY and 3% QoQ. Growth vs. 9M13 was mainly due to higher revenues as a result of a larger loan portfolio, higher transactions from clients and lower operating expenses. QoQ growth resulted from higher interest revenues coming from the 6% increase of the loan portfolio and higher transactions.

**The Brokerage Sector** (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe), reported profits for 9M14 of Ps 756 million, a 53% increase vs. 9M13, driven by higher net interest income, non-interest income (mainly in trading) and lower non-interest expenses, which offset higher tax payments; contributions to earnings for the quarter totaled Ps 297 million, increasing 170% YoY and 16% QoQ. YoY growth is due to higher trading revenues and a tighter operating expense management, which offset reductions in net interest income, net fees and higher tax payments. QoQ performance vs. 2Q14 is explained by higher trading revenues and net fees and lower operating expenses, which offset the decrease in net interest income.

**Sofom and Other Finance Companies**, comprised of Arrendadora y Factor Banorte, Almacenadora Banorte and Solida Administradora de Portafolios, recorded profits for 9M14 of Ps 411 million; in 3Q14 reported profits of Ps 211 million.



## RECENT EVENTS

- **Shareholders' Assembly**

GFNorte held an Ordinary General Shareholders' Meeting on October 22<sup>nd</sup>. The company's capital that was represented in the meeting by total subscribed and paid shares was 87.52%. The resolutions approved by the Assembly were:

- I. Appointment of Carlos Hank Gonzalez as Proprietary Member of the Board; substituting Graciela Gonzalez Moreno, who was appointed Alternate Member of the Board substituting Alejandro Hank Gonzalez. The former is relieved from all legal responsibility for the performance of his position.
- II. Distribution of a cash dividend of Ps. 0.2435 per share from the Retained Earnings of Prior Years, to be paid on October 31<sup>st</sup>. This dividend is the first of four payments to be made for a total amount of Ps. 0.9740 per share. This amount was approved by the Group's Board of Directors last July 24<sup>th</sup>. It will be proposed in subsequent Shareholders' Assemblies to decree additional dividends for a total amount of Ps. 0.7305 per share, to be paid in three installments of Ps. 0.2435 in January, April and July 2015, respectively. The total amount of the dividend to be paid represents 20% of the recurring profits of 2013 and the payout was determined according to the dividend policy approved in October 2011, which establishes a payment of 20% of recurring net income if annual profit growth is greater than 20%.
- III. Authorization of an incentive Plan (the "Plan") for employees of GFNorte and its Subsidiaries to be paid through representative shares of GFNorte's equity according to articles 57, 366 and 367 of the Securities Market Law. The objective of this Plan is to continue aligning the incentives between management of the Financial Group and its shareholders, by granting stock plans to executives as part of their total compensation to promote the achievement of the institutions' strategic goals. To operate the Plan, it is required to allocate funds for the acquisition of representative shares of the GFNorte's equity. This may be operated through the share repurchase fund. Additionally it was approved to delegate to the Human Resources Committee, acting through the Assignations' Committee, the faculty to establish the terms and conditions of the Plan. Furthermore, certain resolutions taken previously by the Board of Directors related to the implementation of the Plan were ratified.

- **GFNorte is included in the Dow Jones Emerging Markets Sustainability Index**

On September 11<sup>th</sup>, the Dow Jones Sustainability Indices ("DJSI") announced that GFNorte was included in the Dow Jones Sustainability Index Emerging Markets (DJSI Emerging Markets). This is the first time GFNorte is included and it is the first Mexican financial institution to be considered.

The DJSI methodology – established jointly by S&P Dow Jones Indices and RobecoSAM - aims to include companies across the world that outperform their peers in numerous sustainability metrics; therefore, the annual review involves an integrated assessment of economic, environmental and social criteria with a strong focus on shareholder value.

The 2014 edition of Dow Jones Sustainability Index Emerging Markets is integrated by 86 members from 37 industries and 12 countries, considering that 800 companies were invited to participate. With this award, GFNorte reaffirms its strong commitment to continue working towards strengthening Mexico.



- **Institutional Investor Magazine's Rankings.**

In August, Institutional Investor magazine announced the "Best Latin America Executive Team 2014" rankings, which were based on a survey to 409 buy-side fund managers and 372 sell-side analysts. For the fifth consecutive year, GFNorte's Management and Investor Relations team were chosen among top Mexican companies and Latin American banks.

Category	Position			
	Latin America		Mexico	
	Buy-Side	Sell-Side	Buy-Side	Sell-Side
Best CEO	3°/17	3°/18	1°/54	1°/48
Best CFO	2°/18	1°/16	1°/51	1°/45
Best IR Professional*	3°/42	7°/28	2°/58	12°/60
Best IRTeam	3°/32	2°/27	2°/76	3°/60

\*Residual Voting from the CFO category, since as of that date, the new IR team was not designated

- **Banorte, the most valuable brand in the Mexican financial industry, according to Millward Brown**

In September, the firm Millward Brown published the ranking of the top 30 most valuable companies in Mexico through the report BrandZ, in which Banorte was ranked as one of the top ten most valuable companies in the country; and the most valuable in the financial industry.

- **Credit Ratings**

Fitch assigns "High Standards (mex)" Rating to Operadora de Fondos Banorte Ixe as Asset Manager

On September 22<sup>nd</sup>, Fitch Ratings assigned "High Standards (mex)" Rating to Operadora de Fondos Banorte Ixe, S.A. de C.V. ("OBI") as Asset Manager. The outlook is stable.

The rating factors were:

- the strength of its investment platform and operational framework compared to the standards applied by institutional investors in Mexico,
- the broad level of experience of Operadora's management team
- the suitability of the investment process, and
- the importance of OBI as subsidiary of GFNorte.

## GRUPO FINANCIERO BANORTE

The financial information presented in this Quarterly report has been calculated in pesos, figures resulting from arithmetic operations are rounded.

• **Net Interest Income**

<b>Net Interest Income</b> (Million Pesos)	<b>3Q13</b>	<b>2Q14</b>	<b>3Q14</b>	<b>Change</b>		<b>9M13</b>	<b>9M14</b>	<b>Change</b> 9M13
				<b>QoQ</b>	<b>YoY</b>			
Interest Income	16,704	16,454	<b>15,813</b>	(4%)	(5%)	49,068	<b>48,549</b>	(1%)
Interest Expense	7,764	7,259	<b>6,428</b>	(11%)	(17%)	23,705	<b>20,896</b>	(12%)
Loan Origination Fees	311	325	<b>441</b>	36%	42%	1,134	<b>1,104</b>	(3%)
Fees Paid	86	95	<b>100</b>	5%	16%	293	<b>280</b>	(5%)
<b>GFNORTE's Net Interest Income excluding Insurance and Annuities Co.</b>	<b>9,166</b>	<b>9,425</b>	<b>9,727</b>	<b>3%</b>	<b>6%</b>	<b>26,205</b>	<b>28,478</b>	<b>9%</b>
Insurance and Annuities-Interest Income	768	532	<b>1,196</b>	125%	56%	2,577	<b>3,280</b>	27%
Premium Income (Net)	4,053	3,914	<b>4,507</b>	15%	11%	13,881	<b>13,392</b>	(4%)
Insurance and Annuities-Interest Expense	4	(3)	-	(100%)	(100%)	11	-	(100%)
Net Increase in Technical Reserves	1,740	1,021	<b>2,119</b>	107%	22%	7,289	<b>6,249</b>	(14%)
Damages, Claims and Other Obligations	2,447	2,425	<b>2,436</b>	0%	(0%)	7,057	<b>7,247</b>	3%
<b>Insurance and Annuities Net Interest Income</b>	<b>630</b>	<b>1,003</b>	<b>1,148</b>	<b>14%</b>	<b>82%</b>	<b>2,100</b>	<b>3,177</b>	<b>51%</b>
<b>GFNORTE's Net Interest Income</b>	<b>9,796</b>	<b>10,428</b>	<b>10,875</b>	<b>4%</b>	<b>11%</b>	<b>28,306</b>	<b>31,654</b>	<b>12%</b>
GFNORTE's Provisions	1,903	2,851	<b>3,253</b>	14%	71%	7,108	<b>8,483</b>	19%
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>7,892</b>	<b>7,577</b>	<b>7,622</b>	<b>1%</b>	<b>(3%)</b>	<b>21,197</b>	<b>23,171</b>	<b>9%</b>
Average Productive Assets	876,733	934,047	<b>938,399</b>	0%	7%	865,018	<b>932,289</b>	8%
<b>Net Interest Margin (1)</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.6%</b>	0.2 pp	0.2 pp	<b>4.4%</b>	<b>4.5%</b>	0.2 pp
<b>NIM after Provisions (2)</b>	<b>3.6%</b>	<b>3.2%</b>	<b>3.2%</b>	0.0 pp	(0.4 pp)	<b>3.3%</b>	<b>3.3%</b>	0.0 pp

1) NIM = Annualized Net Interest Income / Average Interest Earnings Assets.

2) NIM= Annualized Net Interest Income adjusted by Loan Loss Provisions / Average Interest Earnings Assets.

**During 9M14, GFNorte's Net Interest Income grew 12% YoY** from Ps 28.31 to Ps 31.65 billion as result of:

- An 11% increase in net financial revenues and loan origination fees, which increased 7% YoY, mainly in high yielding products.
- Lower funding costs due to growth in core deposits, mainly Demand Deposits (+18%), driving along with other factors, a (12%) decrease in Interest Expenses. The latter was also reduced by a decrease of 100 bp in the reference rate during the past 12 months (25 bp in September, 25 bp in October and 50 bp in June 2014), as well as the August 2013 payment of Ixe's Perpetual Subordinated Obligations issued at 9.75% in dollars, the cancellation of debt servicing of the USD \$800 million dollar syndicated loan pre-paid on July 26<sup>th</sup>, 2013, and the April 21<sup>st</sup>, 2014 prepayment Banorte made for Preferred Non-Convertible Subordinated Obligations in the amount of Ps 2.2 billion with a rate of TIIE + 2.0%.
- A 51% increase in the Insurance and Annuities companies' Net Interest Income.

**During 3Q14, GFNorte's Net Interest Income grew 11% vs. 3Q13**, from Ps 9.80 billion to Ps 10.88 billion as a combined effect of the following:

- A 12% increase in net financial revenues and loan origination fees driven mainly by greater loan placement in segments with higher yielding products.
- A lower cost of funding due to growth in core deposits, resulting in a (17%) decrease in Interest Expenses, along with other factors such as the liquidation of Ixe's Perpetual Subordinated Obligations and payment of GFNorte's syndicated loan. The latter was also reduced by a decrease in the reference rate over the past 12 months.
- A 42% increase in loan placement fees.
- An 82% increase in the Net Interest Income of the Insurance and Annuities companies.

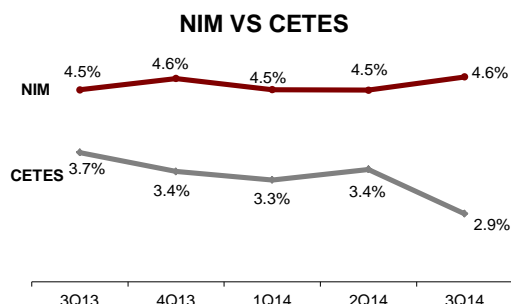
During 3Q14, Net Interest Income increased 4% vs. 2Q14 as a combined effect of the following:

- a) A 5% increase in net financial revenues, mainly due to a better loan mix in the portfolio which grew 2% QoQ, driven by the Consumer portfolio.
- b) A lower cost of funding due to growth in core deposits (+3%).
- c) A 36% increase in loan placement fees.
- d) A 14% increase in the Insurance and Annuities companies' Net Interest Income.

The average Net Interest Margin (NIM) stood at 4.5% for 9M14 and 4.6% in 3Q14, 16 bp higher vs. 9M13 and 17 bp vs. 3Q13 and 2Q14. These increases result from growth in productive assets in higher yielding segments, in addition, the quarterly and accumulated NIM benefited from a higher valuation impact on the investments of the Insurance and Annuities companies.

During 9M14, NIM related to lending activity was 8.0%, a YoY increase of 33 bp. Lending NIM for 3Q14 was 8.2%, an increase of 38 bp vs. 3Q13 and 25 bp vs. 2Q14.

The average NIM excluding Insurance and Annuities companies was 4.4% for 9M14 and 4.5% in 3Q14, resulting in a YoY increase of 7 bp and a QoQ increase of 13 bp vs. 2Q14, unchanged vs. 3Q13.



#### • Provisions

During 9M14 provisions charged to results totaled Ps 8.48 billion, +19% vs. 9M13 and totaled Ps 3.25 billion in 3Q14, representing increases of 71% vs. 3Q13 and 14% vs. 2Q14.

The increase vs. 3Q13 resulted from higher reserve requirements in the Middle Market Companies', SMEs, Payroll, Credit Card and Government loan portfolios, as well as by the exposures in the housing development sector. The QoQ increase vs. 2Q14 is mainly due to higher provisions in the Payroll, Middle Market Companies', SMEs, Credit Card and Government loan portfolios, as well as higher reserves associated with the unsecured exposures to home developers, which were partially offset by lower provisions in the Mortgage and Car loan books.

The average NIM adjusted for Credit Risks was 3.3% in 9M14, an increase of 5 bp vs. 9M13 and 3.2% in 3Q14, declining by 35 bp vs. 3Q13, flat vs. 2Q14. The growth in net interest income due to a portfolio mix with higher yielding loans for almost all periods offset the increase in provisions.

Loan loss provisions represented 27% of Net Interest Income in 9M14, a 2 pp YoY increase vs. 9M13. During the quarter loan loss provisions represented 30% of the Net Interest Income, comparing unfavorably to the 19% of 3Q13 and the 27% of 2Q14.

Annualized accumulated loan loss provisions for 9M14 represented 2.6% of the average loan portfolio, a YoY increase of 0.3 pp vs. 9M13. During 3Q14 annualized loan loss provisions accounted for 3.0% of the average loan portfolio, increasing 1.1 pp vs. 3Q13 and 0.3 pp vs. 2Q14.

- Non-Interest Income

Non Interest Income (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
Services	1,820	1,977	2,032	3%	12%	5,383	5,950	11%
Recovery	126	57	51	(10%)	(59%)	666	149	(78%)
Trading	478	1,563	1,366	(13%)	186%	2,837	4,045	43%
Other Operating Income (Expense)	754	643	1,057	64%	40%	2,860	2,373	(17%)
<b>Non Interest Income</b>	<b>3,177</b>	<b>4,241</b>	<b>4,506</b>	<b>6%</b>	<b>42%</b>	<b>11,746</b>	<b>12,517</b>	<b>7%</b>

Non Interest Income (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Fees Charged on Services</b>	<b>2,914</b>	<b>3,037</b>	<b>3,167</b>	<b>4%</b>	<b>9%</b>	<b>8,839</b>	<b>9,171</b>	<b>4%</b>
Fees for Commercial and Mortgage Loans	5	2	2	(23%)	(63%)	8	7	(14%)
Fund Transfers	131	158	161	2%	23%	378	465	23%
Account Management Fees	348	374	378	1%	9%	995	1,102	11%
Fiduciary	90	101	83	(17%)	(7%)	267	266	(0%)
Income from Real Estate Portfolios	126	57	51	(10%)	(59%)	666	149	(78%)
Electronic Banking Services	1,011	1,085	1,126	4%	11%	2,858	3,245	14%
For Consumer and Credit Card Loans	592	667	705	6%	19%	1,676	2,048	22%
Fees from IPAB	-	-	-	-	-	-	-	-
Other Fees Charged (1)	611	594	660	11%	8%	1,991	1,889	(5%)
<b>Fees Paid on Services</b>	<b>968</b>	<b>1,003</b>	<b>1,083</b>	<b>8%</b>	<b>12%</b>	<b>2,790</b>	<b>3,072</b>	<b>10%</b>
Fund transfers	10	13	8	(38%)	(22%)	39	35	(10%)
Other Fees Paid	958	990	1,075	9%	12%	2,751	3,037	10%
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-
<b>Net Fees</b>	<b>1,945</b>	<b>2,034</b>	<b>2,083</b>	<b>2%</b>	<b>7%</b>	<b>6,049</b>	<b>6,099</b>	<b>1%</b>
<b>Trading Income</b>	<b>478</b>	<b>1,563</b>	<b>1,366</b>	<b>(13%)</b>	<b>186%</b>	<b>2,837</b>	<b>4,045</b>	<b>43%</b>
Subtotal Other Operating Income (Expenses) (2)	191	257	238	(7%)	25%	834	687	(18%)
Non Operating Income (Expense), net	392	237	663	180%	69%	1,487	1,198	(19%)
Other Operating Income (Expense) from Insurance and Annuities	170	150	155	4%	(9%)	539	487	(10%)
<b>Other Operating Income (Expenses)</b>	<b>754</b>	<b>643</b>	<b>1,057</b>	<b>64%</b>	<b>40%</b>	<b>2,860</b>	<b>2,373</b>	<b>(17%)</b>
<b>Non Interest Income</b>	<b>3,177</b>	<b>4,241</b>	<b>4,506</b>	<b>6%</b>	<b>42%</b>	<b>11,746</b>	<b>12,517</b>	<b>7%</b>

1) Includes fees from letters of credit, transactions with pension funds, warehousing services, financial advisory services and securities trading by the Brokerage House among others.  
 2) The majority of these revenues correspond to recoveries of previously charged-off loans.

During 9M14, Non-Interest Income totaled Ps 12.52 billion, a 7% YoY increase due to the 43% growth in Trading Income and 11% in Service Fees, which offset the decline in income from real estate portfolio recoveries and Other Operating Income (Expenses).

In 3Q14 Non-Interest Income totaled Ps 4.51 billion, an increase of 42% vs. 3Q13 and 6% vs. 2Q14. The YoY growth was due to greater revenues from Trading, Other Operating Income (Expenses) and Service Fees which offset the decline in income from real estate portfolio recoveries. QoQ growth was due to the 64% increase in Other Operating Income (Expenses) and 3% in Service Fees, offsetting the reduction in Trading Income and real estate portfolio recoveries.

- Service Fees

During 9M14 Service Fees totaled Ps 5.95 billion, an 11% YoY increase as a result of better business dynamics. The YoY growth is the combined effect of:

- A 14% increase in fees generated by electronic banking,
- A 22% increase in consumer loan fees,
- An 11% increase in account management fees due to more accounts,

- iv) A 23% increase in fund transfer revenues due to higher volumes,
- v) A 10% increase in fees paid driven by higher interbank fees and commissions paid to insurance brokers, and
- vi) A (5%) decrease in other fees charged.

**Service Fees totaled Ps 2.03 billion in 3Q14**, a 12% YoY increase due to better business dynamics similar to those already described, except that for this period Other fees charged increased 8%.

**Service Fees increased 3% vs. 2Q14** due to the aforementioned favorable dynamics.

- **Trading**

**Trading revenues in 9M14 totaled Ps 4.05 billion**, a 43% YoY growth due to valuation gains for Banorte and positive results in FX transactions, which offset the unfavorable results from securities and derivatives transactions of Banorte and the Annuities Company.

**Trading revenues in 3Q14 totaled Ps 1.37 billion**, representing a YoY increase of 186% vs. 3Q13 and a (13%) decrease vs. 2Q14. Growth vs. 3Q13 was mainly due to valuation gains in Banorte's securities portfolio and the favorable results from securities and derivatives trading. The QoQ decline was mainly due to valuation losses for Banorte.

- Other Operating Income and Expenses

Other Operating Income (Expenses) (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
<b>Subtotal Other Operating Income (Expenses)</b>	<b>191</b>	<b>257</b>	<b>238</b>	<b>(7%)</b>	<b>25%</b>	<b>834</b>	<b>687</b>	<b>(18%)</b>
Loan Recovery	274	225	<b>226</b>	0%	(17%)	1,038	<b>692</b>	(33%)
Income from foreclosed assets	(51)	(68)	<b>(16)</b>	(76%)	(68%)	(147)	<b>(185)</b>	26%
Other Operating Income	26	116	<b>76</b>	(34%)	199%	96	<b>322</b>	235%
Other Operating Income (Expense)	(57)	(16)	<b>(48)</b>	196%	(15%)	(153)	<b>(142)</b>	(8%)
<b>Non Operating Income (Expense), net</b>	<b>392</b>	<b>237</b>	<b>663</b>	<b>180%</b>	<b>69%</b>	<b>1,487</b>	<b>1,198</b>	<b>(19%)</b>
Other Products	1,084	712	<b>1,458</b>	105%	34%	2,248	<b>2,931</b>	30%
Other Recoveries	188	193	<b>277</b>	44%	47%	1,201	<b>789</b>	(34%)
Other (Expenses)	(880)	(669)	<b>(1,072)</b>	60%	22%	(1,962)	<b>(2,521)</b>	29%
<b>Other Operating Income (Expense) from Insurance and Annuities</b>	<b>170</b>	<b>150</b>	<b>155</b>	<b>4%</b>	<b>(9%)</b>	<b>539</b>	<b>487</b>	<b>(10%)</b>
<b>Other Operating Income (Expenses)</b>	<b>754</b>	<b>643</b>	<b>1,057</b>	<b>64%</b>	<b>40%</b>	<b>2,860</b>	<b>2,373</b>	<b>(17%)</b>

During 9M14 Other Operating Income (Expenses) totaled Ps 2.37 billion, (17%) lower YoY due to:

- A 29% increase in Other Expenses as a result of more frauds and higher estimates for irrecoverable losses, which offset lower expenses on damages and other losses,
- A (34%) reduction in Other Recoveries, as a result of the extraordinary recoveries of an infrastructure project and business investment registered in 1Q13 and 3Q13, respectively,
- A (43%) decrease in the combined revenues from previously written-off portfolios and sales of foreclosed assets, and
- The (10%) decrease in *Other Income* from the Insurance and Annuities companies.

The aforementioned could not be offset by the increases in:

- Other Products* driven by the cancellation of debtor accounts and other provisions, and greater leasing revenues, and
- Other Operating Income* due to more cancellations of excess preventive estimates.

On a quarterly basis, Other Operating Income (Expenses) totaled Ps 1.06 billion, 40% higher vs. 3Q13 and 64% vs. 2Q14. The QoQ increase vs. 2Q14 was mainly due to:

- the 105% increase in *Other Products* due to cancellations of other debtor accounts and other provisions, cancellations of other liabilities accounts, profits from sales of property, furniture and equipment and higher leasing revenues,
- the 44% increase in acquired portfolio recoveries,
- the 34% increase in combined revenues from previously written-off portfolios and sale of foreclosed assets, and
- The 4% increase in revenues from the Insurance and Annuities companies.

The aforementioned effects offset the 60% increase in *Other Expenses* generated by more claims and other losses, the (34%) decrease in Other Operating Income mainly due to fewer cancellations of excess preventive estimates and growth in Other Operating (Expenses).

- Recoveries

**Non-Interest Income from Recoveries** (including real estate portfolio recoveries, previously written-off, proprietary loan portfolio and foreclosed assets classified under "Other Operating Income (Expenses)") **totaled Ps 1.45 billion during 9M14**, a (48%) YoY decline vs. 9M13 mainly due to the income generated by the extraordinary recoveries of an infrastructure project and business investment, during 1Q13 and 3Q13 respectively, in addition to the (78%) decrease in real estate portfolio recoveries that included the recognition of income related to investment projects, mainly with housing developers.

**Recoveries during the quarter amounted to Ps 539 million**, unchanged YoY vs. 3Q13 due to the 47% growth in Other Recoveries, which offset the (59%) decrease in real estate portfolio revenues due to the reduction in income from investment projects with housing developers, as well as the decrease in revenues from previously written-off portfolios and sale of foreclosed assets. Recoveries were 32% higher vs. 2Q14.

**The amount invested in projects at the end of 3Q14 was Ps 6.71 billion.**

- Non-Interest Expense

Non Interest Expense (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
Personnel	2,916	3,029	<b>2,829</b>	(7%)	(3%)	10,004	<b>8,932</b>	(11%)
Professional Fees	605	693	<b>762</b>	10%	26%	1,900	<b>2,100</b>	11%
Administrative and Promotional	1,323	1,397	<b>1,434</b>	3%	8%	3,547	<b>4,080</b>	15%
Rents, Depreciation & Amortization	820	913	<b>928</b>	2%	13%	2,425	<b>2,690</b>	11%
Taxes other than income tax & non deductible expenses	395	314	<b>356</b>	14%	(10%)	1,269	<b>1,136</b>	(10%)
Contributions to IPAB	474	466	<b>474</b>	2%	(0%)	1,347	<b>1,399</b>	4%
Employee Profit Sharing (PTU) (1)	79	101	<b>101</b>	0%	28%	242	<b>304</b>	26%
<b>Non Interest Expense</b>	<b>6,613</b>	<b>6,913</b>	<b>6,884</b>	<b>(0%)</b>	<b>4%</b>	<b>20,735</b>	<b>20,642</b>	<b>(0%)</b>

**Non-Interest Expense for 9M14 totaled Ps 20.64 billion, a reduction of Ps 93 million, or (0.4%) YoY** due to decreases of 11% in Personnel Expenses and 10% in Other Taxes and Non-Deductible Expenses, which offset the increase in spending in the following areas:

- i) + Ps 534 million in Administrative and Promotional Expenses (+15%). This growth was driven by the increase in various business -related expenses, among others, the expenses of insurance tied to consumer credit.
- ii) + Ps 265 million in Rents, Depreciations and Amortizations (+11%),
- iii) + Ps 200 million in Professional Fees (+11%). This increase was due to higher payment for professional services,
- iv) + Ps 62 million in Employee Profit Sharing (+ 26%), and
- v) + Ps 52 million in IPAB contributions (+ 4%) mainly due to growth in liabilities subject to IPAB fees.

**Non-Interest Expense in 3Q14 totaled Ps 6.88 billion, a 4% YoY increase vs. 3Q13** due to the combined effect of:

- i) A Ps 156 million increase in Professional Fees (+26%),
- ii) A Ps 111 million increase in Administrative and Promotional Expenses (+8%), due to growth in business related expenses,
- iii) A Ps 108 million increase in Rents, Depreciations and Amortizations (+ 13%),
- iv) A Ps 22 million increase in Employee Profit Sharing (+ 28%),
- v) A (Ps 86) million decrease in Personnel Expenses (- 3%), and
- vi) A (Ps 39) million decrease in Other Taxes and Non Deductible Expenses (-10%).

**Non-Interest Expense decreased by (Ps 29) million, or (0.4%) vs. 2Q14** due to a (7%) reduction in Personnel Expenses, which offset the increase in spending in the following areas:

- i) +Ps 69 million in Professional Fees (+10%),
- ii) +Ps 43 million in Other Taxes and Non-Deductible Expenses (+14%),
- iii) +Ps 37 million in Administration and Promotional Expenses (+3%), mainly due to an increase in business-related expenses,
- iv) +Ps 15 million in Rents, Depreciations and Amortizations (+2%),
- v) +Ps 8 million in IPAB contributions (+2%).



**The Efficiency Ratio during 9M14 was 46.7%**, (5.0 pp) lower YoY due to the positive operating leverage achieved in the period. **In 3Q14, the Efficiency Ratio was 44.8%**, a (6.2 pp) reduction vs. 3Q13 and (2.4 pp) vs. 2Q14 as a result of tighter management of recurring expenses.

- **Taxes**

**Income taxes for 9M14 totaled Ps 4.36 billion**, +76% YoY and Ps 1.40 billion in 3Q14, + 29% YoY vs. 3Q13 and (4%) QoQ vs. 2Q14. The YoY growths are explained by: i) a new tax regulation effective January 1<sup>st</sup>, 2014, including the non-deductibility of loan loss reserves and certain employee benefits, ii) a larger profit base for the calculation of taxes, and iii) the use of fiscal credits in 2Q13 (applies only to accumulated growth). The decline vs. 2Q14 was due to more deferred taxes.

**The effective tax rate and the Employee Profit Sharing for 3Q14 was 28.0%**, lower than the 31.2% of 2Q14 and higher than the 25.6% of 3Q13. **The accumulated effective tax rate for the first nine months of 2014 was 30.4%**, 8.5 pp higher vs. the 21.9% registered during the same period in 2013.

- **Subsidiaries and Minority Interest**

**During 9M14, Subsidiaries and Minority Interest reported Ps 718 million in profits**, favorable result vs. the Ps 158 million in 9M13, which was due to the October 2013 purchase of Generali's 49% participation in the Insurance and Annuities companies, as well as the reduction in Banorte's minority interest as a result of the payment made to the IFC.

**On a quarterly basis, Subsidiaries and Minority Interest reported Ps 195 million in profits**, 27% higher YoY vs. 3Q13 and (34%) lower QoQ vs. 2Q14. The YoY increase came from the decrease in Banorte's minority interest as a result of the acquisition of the IFC's stake. The QoQ decline was due to lower profits of Afore XXI Banorte.

- **Net Income**

**GFNorte reported Net Income of Ps 11.41 billion during the first nine months of the year, 15% higher vs. 9M13** due to the positive operating leverage achieved derived from the 10% YoY growth in total income and a (0.4%) decrease in Operating Expenses; effects that offset increases in credit costs and tax payments. Additionally, accumulated annual growth was achieved by lower minority interest resulting from the acquisition of the IFC's stake in Banorte and Generali's participation in the Insurance and Annuities companies, which together with the Credit Card SOFOM, posted favorable business dynamics.

**Net income was Ps 4.04 billion for 3Q14, 15% higher vs. 3Q13 and 8% higher vs. 2Q14.** Growth vs. 3Q13 came from positive operating leverage, the decrease in minority interest resulting from the purchase of Generali's participation in the Insurance and Annuities companies, subsidiaries which, together with the credit card SOFOM reported higher profits from favorable business dynamics. The foregoing offset higher loan loss provisions and tax payments. QoQ growth vs. 2Q14 is similarly due to the positive operating leverage achieved - total revenues grew by 5%, while operating expenses decreased by (0.4%), effect that offset the QoQ increase in loan loss provisions.

**In the last 12 months, Net Income totaled Ps 15.03 billion, 17% higher** vs. the same period in 2013 and 11% higher vs. the accumulated profits in 2013 of Ps 13.51 billion. The increase over the last 12 months was the result of the positive operating leverage achieved by the institution, but was affected by the substantial increase in tax payments.

**Accumulated recurring revenues** (Net Interest Income + net fees excluding portfolio recoveries - Operating Expenses - Provisions) **in 9M14 were Ps 8.48 billion**, a 45% YoY increase vs. 9M13 as a result of higher financial revenues, fees and lower operating expenses, offsetting an increase in provisions. **In 3Q14, the Financial Group's recurring net income totaled Ps 2.77 billion**, a 5% increase vs. 2Q14 derived from growth in financial revenues, fees and the QoQ reduction of Operating Expenses but declined (11%) lower YoY due to the increase in provisions, which offset the growth in Net Interest Income and Service Fees, as well as a slower pace of growth in Operating Expenses.

**ROE during 3Q14 was 13.8%**, 18 bp lower vs. 3Q13 due to dilution effect from the equity offering of July 2013, and 61 bp higher vs. 2Q14. **ROE for 9M14 was 13.4%**, decreasing YoY by 87 bp due to dilution by the equity offering. **Return on Tangible Equity (ROTE) was 16.6% in 3Q14**, 156 bp lower vs. 3Q13 and 59 bp higher vs. 2Q14.

**Return on Tangible Equity (ROTE)**

	<b>3Q13</b>	<b>2Q14</b>	<b>3Q14</b>
<b>Reported ROE</b>	<b>14.0%</b>	<b>13.2%</b>	<b>13.8%</b>
<b>Goodwill &amp; Intangibles</b>	<b>\$21,734</b>	<b>\$22,740</b>	<b>\$23,030</b>
<b>Average Tangible Equity</b>	<b>\$71,068</b>	<b>\$90,767</b>	<b>\$90,627</b>
<b>ROTE</b>	<b>18.1%</b>	<b>16.0%</b>	<b>16.6%</b>

**ROA for 9M14 was 1.5%**, 9 bp higher YoY and for **3Q14 was 1.6%**, +10 bp vs. 3Q13 and +11 bp vs. 2Q14. The increase in ROA is the result of growth in net income derived from a better asset mix and profitability. **Return on Risk-Weighted Assets was 3.1%**, 9 bp higher vs. 3Q13 and 2 bp higher vs. 2Q14.

**Return on Risk Weighted Assets (RRWA)**

	<b>3Q13</b>	<b>2Q14</b>	<b>3Q14</b>
<b>Reported ROA</b>	<b>1.5%</b>	<b>1.4%</b>	<b>1.6%</b>
<b>Average Risk Weighted Assets</b>	<b>\$428,015</b>	<b>\$471,675</b>	<b>\$484,986</b>
<b>RRWA</b>	<b>3.0%</b>	<b>3.1%</b>	<b>3.1%</b>

**The Banking Sector's (Banco Mercantil del Norte, Banorte - Ixe Tarjetas and Banorte USA) profits for 9M14 totaled Ps 7.92 billion**, contributing with 69% of GFNorte's profits. **ROE for 9M14 of this sector was 14.0%**, 208 bp lower vs. 9M13 as a result of the increases in equity in the last year. **ROA for the Banking Sector was 1.4% for 9M14**, declining by 10 bp.

- Capitalization

**Banco Mercantil del Norte**

Capitalization (Million Pesos)	3Q13	4Q13	1Q14	2Q14	3Q14	Change	
						QoQ	YoY
Tier 1 Capital	56,322	58,585	62,555	65,624	67,840	3%	20%
Tier 2 Capital	11,088	11,034	10,383	7,869	7,951	1%	-28%
Net Capital	67,410	69,619	72,938	73,493	75,791	3%	12%
Credit Risk Assets	334,020	338,045	338,688	344,656	344,453	0%	3%
Net Capital / Credit Risk Assets	20.20%	20.60%	21.50%	21.30%	22.00%	0.7 pp	1.8 pp
Total Risk Assets (1)	453,743	460,328	481,196	491,431	506,989	3%	12%
Tier 1	12.41%	12.73%	13.00%	13.35%	13.38%	0.0 pp	1.0 pp
Tier 2	2.44%	2.40%	2.16%	1.60%	1.57%	(0.0 pp)	(0.9 pp)
Capitalization Ratio	14.86%	15.12%	15.16%	14.95%	14.95%	(0.0 pp)	0.1 pp

1. Includes Market and Operational Risks. Excludes inter-company eliminations.

(\*) The capitalization ratio of the reported last period is estimated

Banorte has fully adopted the capitalization requirements established to date by Mexican authorities and international standards, so-called Basel III, which came into effect as of January 2013.

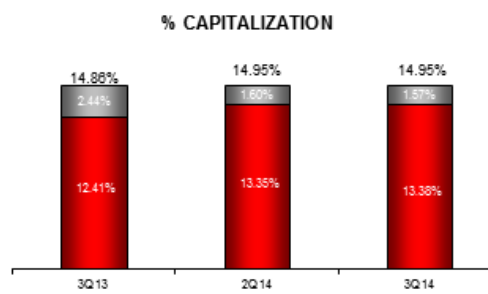
At the end of 3Q14 **Banorte's estimated Capitalization Ratio (CR) was 14.95%** considering credit, market and operational risk and 22.0% if only credit risks are considered. The Core Tier 1 ratio was 12.37%, Total Tier 1 ratio was 13.38% and Tier 2 was 1.57%.

The Capitalization Ratio remains unchanged as 2Q14, showing the following dynamics:

- |   |           |
|---|-----------|
| 1. Growth of profits during 3Q14                          | +0.63 pp  |
| 2. Effects of Investment in Subsidiaries and Intangibles  | - 0.07 pp |
| 3. Valuation of Financial Instruments and Securitizations | - 0.10 pp |
| 4. Growth in risk assets                                  | - 0.46 pp |

The Capitalization Ratio Increased 0.09 pp\* vs 3Q13, showing the following dynamics:

- |   |           |
|---|-----------|
| 1. Profits Generated during the period                                | +2.69 pp  |
| 2. Capitalization in December 2013 and March 2014                     | +0.99 pp  |
| 3. Valuation of Financial Instruments and Securitizations             | +0.03 pp  |
| 4. Reserves considered as Tier 2 <sup>1)</sup>                        | - 0.10 pp |
| 5. Dividends paid in December 2013                                    | - 0.44 pp |
| 6. Effects of Investment in Subsidiaries and Intangibles              | - 0.60 pp |
| 7. Subordinated Debt that compute as Regulatory Capital <sup>2)</sup> | - 0.73 pp |
| 8. Growth in risk assets  | - 1.75 pp |



1) Loan loss reserves for Financial Intermediaries and Property Investment Projects.

2) Basel III degradation (0.29) pp, plus pre-payment of the Subordinated Debt in Apr '14 (0.44) pp

\*\* pp: Percentage Points

- Deposits

Grupo Financiero Banorte

Deposits (Million Pesos)	3Q13	2Q14	3Q14	Change	
				QoQ	YoY
Non Interest Bearing Demand Deposits	106,563	118,957	<b>129,603</b>	9%	22%
Interest Bearing Demand Deposits (1)	129,636	146,094	<b>148,060</b>	1%	14%
<b>Total Demand Deposits (2)</b>	<b>236,198</b>	<b>265,051</b>	<b>277,663</b>	5%	18%
Time Deposits – Retail	127,953	134,428	<b>133,253</b>	(1%)	4%
<b>Core Deposits</b>	<b>364,151</b>	<b>399,479</b>	<b>410,917</b>	3%	13%
Money Market (3)	76,552	52,100	<b>53,351</b>	2%	(30%)
<b>Total Bank Deposits</b>	<b>440,703</b>	<b>451,580</b>	<b>464,268</b>	3%	5%
<b>GFNorte's Total Deposits (4)</b>	<b>430,366</b>	<b>450,817</b>	<b>63,644</b>	3%	8%
<b>Third Party Deposits</b>	<b>156,273</b>	<b>171,293</b>	<b>160,116</b>	(7%)	2%
<b>Total Assets Under Management</b>	<b>596,976</b>	<b>622,873</b>	<b>624,384</b>	0%	5%

1. Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts to 3Q13, 2Q14 and 3Q14 were Ps 0 million, in all cases.
2. Includes Debit Cards.
3. Includes Bank Bonds (Customers and Financial intermediaries).
4. Includes eliminations among subsidiaries: 3Q13 = (Ps 10.34) billion; 2Q14 = (Ps 763) million; 3Q14 = (Ps 623) million.

- Total Deposits

**At the end of 3Q14, GFNorte's Total Deposits amounted to Ps 463.64 billion**, an increase of Ps 33.28 billion or 8% higher YoY vs. 3Q13 driven primarily by efforts to promote Banorte - Ixe deposit products, as well as the significant increase registered in the account balances of some clients, mainly in Government banking, since the end of 2013; while QoQ increased Ps 12.83 billion or 3%, mainly due to the 5% increase in Demand Deposits.

**Total Deposits in the Banking Sector amounted to Ps 464.27 billion**, representing a YoY increase of Ps 23.57 billion or 5%, comprised of an 18% increase in Demand Deposits, 4% in Retail Time Deposits and a (30%) decline in Money Market. During the quarter, Total Deposits increased by Ps 12.69 billion or 3% QoQ.

- Demand and Time Deposits

**At the end of 3Q14, Demand Deposits totaled Ps 277.66 billion**, an increase of Ps 41.47 billion, + 18% YoY, driven by a 22% increase in Non-Interest Bearing Demand Deposits, as a result of the 17% increase in the combined average balances of individual and corporate accounts. Interest Bearing Demand Deposits increased 14% YoY driven by the increase in the average balances of individual and corporate accounts.

On a quarterly basis, Demand Deposits increased by Ps 12.61 billion or 5% vs. 2Q14 driven by a 9% increase in Non-Interest Bearing Demand Deposits and a 1% increase in Interest Bearing Demand Deposits.

**Retail Time Deposits totaled Ps 133.25 billion**, increasing by Ps 5.30 billion or 4% YoY as a result of campaigns to promote promissory notes with different maturities through branches; while the QoQ balance decreased (Ps 1.18) billion or (1%).

- Money Market Deposits

**Money Market Deposits at end of 3Q14 totaled Ps 53.35 billion**, representing a (30%) YoY decrease due to lower funding needs from Money Market due to growth in core deposits. Money Market grew 2% QoQ.

- **Third Party Deposits**

In 3Q14, Third Party Deposits totaled Ps 160.12 billion, representing a 2% YoY increase and a (7%) QoQ decrease. YoY growth was due to increases of third-parties in external custody and third-party investments in private banking.

- **Asset Under Management**

At the end of September 2014, Assets Under Management totaled Ps 624.38 billion, growing by Ps 27.41 billion or 5% YoY, while the QoQ balance increased by Ps 1.51 billion. The YoY growth is explained by higher core deposits and Third Party deposits.

- **Loans**

Performing Loan Portfolio (Million Pesos)	3Q13	2Q14	3Q14	Change	
				QoQ	YoY
Commercial (1)	109,736	112,584	109,617	(3%)	(0%)
Consumer	134,594	147,401	153,898	4%	14%
Corporate (1)	78,874	74,231	76,263	3%	(3%)
Government	90,526	100,345	104,996	5%	16%
<b>Sub Total</b>	<b>413,729</b>	<b>434,562</b>	<b>444,774</b>	<b>2%</b>	<b>8%</b>
Recovery Bank	210	181	170	(6%)	(19%)
<b>Total</b>	<b>413,939</b>	<b>434,743</b>	<b>444,944</b>	<b>2%</b>	<b>7%</b>

Performing Consumer Loan Portfolio (Million Pesos)	3Q13	2Q14	3Q14	Change	
				QoQ	YoY
Mortgages	79,212	84,861	86,835	2%	10%
Car Loans	11,163	11,442	11,221	(2%)	1%
Credit Cards	19,844	20,941	22,238	6%	12%
Payroll	24,375	30,158	33,604	11%	38%
<b>Consumer Loans</b>	<b>134,594</b>	<b>147,401</b>	<b>153,898</b>	<b>4%</b>	<b>14%</b>

(Million Pesos)	3Q13	2Q14	3Q14	Change	
				QoQ	YoY
Past Due Loans	13,865	14,012	14,951	7%	8%
Loan Loss Reserves	14,651	14,642	15,550	6%	6%
Acquired Rights	3,330	3,137	3,050	(3%)	(8%)

- **Total Performing Loans**

Total Performing Loans increased 8% YoY, growing Ps 31.04 billion to Ps 444.77 billion at the end of 3Q14, excluding proprietary loans managed by the Recovery Bank. The Loan portfolio is showing positive growth thanks in part to the gradual recovery of the economy, maintaining a higher growth rate than GDP. Corporate and middle market companies' portfolios (included in the Commercial portfolio) continue to be affected by prepayments from customers, which were not offset by new loan origination.

Total Performing Loans increased 2% QoQ vs. 2Q14, growing by Ps 10.21 billion, derived mainly from growth in the Government, Payroll, Corporate, Mortgage and Credit Card portfolios.

Portfolio growth by segments was:

### • Individual Loans

- ✓ **Consumer + Mortgage:** Increased by Ps 19.30 billion or 14% vs. 3Q13 and grew by Ps 6.5 billion or 4% QoQ vs 2Q14 posting a balance of **Ps 153.90 billion at the end** of 3Q14 as a result of favorable annual dynamics in all portfolios and quarterly in Payroll, Mortgages and Credit cards. Given the strategy to increase the Consumer portfolio, mainly Payroll loans and Credit Cards, Consumer loans (ex-mortgages) have increased their proportion within the performing loan portfolio from 13.4% to 15.1% in the past 12 months.
- ✓ **Mortgages:** Grew by Ps 7.62 billion or 10% YoY posting a **balance of Ps 86.84 billion**, driven by favorable dynamics in the mortgage program with Pemex, products for construction, remodeling and payment of liabilities. During the quarter the portfolio grew by Ps 1.97 billion or 2% QoQ vs. 2Q14, favored by the mortgage program with PEMEX, placement of mortgages for middle income segment, liquidity programs and products for construction, remodeling and payment of liabilities. With respect to new loan production, during 9M14, 11,042 mortgage loans were placed worth Ps 13.16 billion. As of August 2014, Banorte held 16.3% of the market share in balances, 18.0% in new mortgage loan production, ranking third and fourth in the system, respectively.
- ✓ **Credit Cards:** **At the close of 3Q14 the portfolio totaled Ps 22.24 billion**, a YoY increase of Ps 2.39 billion or 12% and a QoQ increase of Ps 1.30 billion or 6%. Both growth rates came from portfolio management strategies, promotional campaigns for Banorte - Ixe products and more cross-selling to clients; therefore, total accumulated transactions grew 4.2% YoY, while quarterly transactions increased by 10.8% vs. 2Q14. Profitability of the credit card portfolio remains posting favorable dynamics, given the growth in the loan portfolio and adequate portfolio risk management. Banorte - Ixe held a 7.4% market share of the system in balances as of August 2014, ranking fourth.
- ✓ **Payroll:** **At the close of 3Q14, the portfolio increased Ps 9.23 billion** or 38% YoY and Ps 3.45 billion or 11% QoQ **totaling Ps 33.60 billion**, as a result of growth in the number of Banorte-Ixe payroll deposit account holders, which totaled 4.84 million, 14% higher YoY, as well as campaigns to promote the product, multichannel cross-selling strategies and product adjustments to provide more flexibility to clients in order to disburse amortized balances; additionally, in March 2014, Banorte acquired a Payroll loan portfolio from another institution. Payroll loans continue to show robust growth with good asset quality with respect to the system's average. Banorte - Ixe held a market share in balances of 21.3% as of August 2014, ranking third in the system.
- ✓ **Car Loans:** The portfolio grew by Ps 58 million or 1% YoY and decreased by (Ps 221) million or (2%) QoQ in 3Q14 **totaling Ps 11.22 billion**. The YoY growth was due to greater loan origination driven by promotional campaigns through various channels, cross-sales with customers and alliances with car dealerships, although competition with financing companies of car manufacturers has increased considerably. Profitability of this product remains favorable as a result of adequate portfolio quality (with respect to the system average) and cross-selling of car insurance, one of Seguros Banorte's most important products. As of August 2014, Banorte-Ixe held a 15.5% market share, ranking fourth in the system, excluding loans granted by the financing companies of car manufacturers.

### • II. Loans to Institutions

- ✓ **Commercial:** Decreased by (Ps 119) million YoY and (Ps 2.97) billion QoQ or (3%) **totaling Ps 109.62 billion**. The QoQ decline resulted from loan prepayments, the classification to non-performing loans of some corporate customers and the reduction of the SME portfolio due to slower origination. As of August 2014, the market share in Commercial loans (including Corporate) was 12.0%, ranking fourth place in the system.

**The balance of GFNorte's SME portfolio was Ps 30.47 billion**, decreasing by (Ps 2.02) billion or (6%) YoY and (Ps 1.10) billion or (3%) vs. 2Q14.

#### SMEs Portfolio Evolution (million pesos)

	3Q13	2Q14	3Q14
<b>Performing Portfolio</b>	\$32,495	\$31,576	\$30,474
<b>% of Performing Commercial Portfolio</b>	29.6%	28.0%	27.8%
<b>% of Total Performing Portfolio</b>	7.9%	7.3%	6.9%
<b>NPL Ratio</b>	4.8%	8.5%	9.8%

- ✓ **Corporate: At the end of 3Q14, Corporate loans totaled Ps 76.26 billion**, a decline of (Ps 2.61) billion or (3%) YoY and an increase of Ps 2.03 billion or 3% QoQ vs. 2Q14. The YoY decrease came from payments and classification to past due of some loans related to home developers, as well as prepayments received from some clients who used the proceeds from capital market transactions to pay off bank liabilities. Banorte's corporate loan portfolio is diversified by sectors and regions and shows an adequate concentration risk. Banorte's 20 main corporate borrowers accounted for 10.2% of the bank's total portfolio, increasing by 0.4 pp vs. 2Q14 and decreasing by (1.0 pp) vs. 3Q13. The bank's largest corporate loan represents 1.7% of the total portfolio and has an A1 rating, while number 20 represents 0.3%.

Through its subsidiaries Banco Mercantil del Norte, Arrendadora y Factor Banorte and Sólida Administradora de Portafolios, GFNorte granted loans, and participated through specialized trust operations in housing development financing. Since 2013 some of the largest companies in this sector have experienced financial difficulties. Three of the largest companies are undergoing a debt restructuring process and have defaulted on their payments. This situation has led to deterioration in the risk profile of these three borrowers. We are currently involved in restructuring negotiations with these companies along with other banks.

**As of September 30<sup>th</sup>, 2014, GFNorte had a loan exposure of Ps 6.56 billion in Urbi Desarrollos Urbanos, S.A.B. de C.V., Corporacion Geo, S.A.B. de C.V. and Desarrolladora Homex, S.A.B. de C.V., 5.5% lower than the previous quarter.** These three companies represented 1.4% of the total loan portfolio vs. the 1.5% of June 2014. Of these loans, **Ps 5.50 billion were past due**, decreasing by Ps 396 million in 3Q14. 65% of the total portfolio has guarantees, lower than the 69% reported in the previous quarter; the reserve coverage of this exposure was 40.8% in 3Q14, 5.5 pp higher vs. 2Q14. **Sólida had Ps 6.15 billion in investment projects** compared to Ps 6.23 billion recorded in 2Q14.

- ✓ **Government: At the end of 3Q14 Government loans totaled Ps 105 billion**, growing by Ps 14.47 billion or 16% YoY and Ps 4.65 billion or 5% QoQ, as a result of ongoing efforts to continue meeting demand for loans in this segment, including some federal government entities. Banorte's Government portfolio is diversified by sectors and regions, and shows adequate diversification. Banorte's 20 largest Government loans account for 20.6% of the Bank's total portfolio, an increase of 0.6 pp vs. 2Q14 and 2.0 pp vs. 3Q13. The largest Government loan represents 3.1% of the total portfolio and has an A1 rating, while number 20 represents 0.4. The portfolio's risk profile is adequate with 18.8% of the loans granted to Federal Government entities and over 95% of loans to States and Municipalities have a fiduciary guarantee (Federal budget transfers and local revenues such as payroll tax), and less than 2% of the loans have short-term maturities. The risk-adjusted profitability of Government Banking is high. As of August 2014, Banorte has a 24.4% market share of the total system, ranking second.

#### • Past Due Loans

**At the end of 3Q14, Past Due Loans totaled Ps 14.95 billion**, 8% higher vs. 3Q13 as a result of higher Past Due loans in some Commercial loans (including SMEs), Payroll loans, Mortgage, Credit Cards and Car loans, derived from the negative impact of the economic slowdown among other factors. The 7% QoQ growth vs. 2Q14 was due to an increase in the Past Due Loans of some Commercial Loans, SME and Mortgage loans.

New NPL formation in the quarter was:

<u>Million pesos</u>	<b>PDLs 3Q14</b>	<b>Change. Vs. 2Q14</b>	<b>Change. Vs. 3Q13</b>
Credit Cards	1,403	(17)	146
Payroll	754	(19)	190
Car loans	215	(8)	38
Mortgage	1,202	49	189
Commercial	5,818	1,224	1,379
Corporate	5,561	(289)	(841)
Government	-	(1)	(15)
<b>Total</b>	<b>14,951</b>	<b>940</b>	<b>1,086</b>



In 3Q14, the Past Due Loan Ratio was 3.3%, 1 bp higher vs. 3Q13 and 13 bp higher vs. 2Q14. The YoY increase was due to a higher Past Due Loan Ratio in the Commercial, Car and Mortgage segments; while the quarterly increase is the result of a higher Past Due Loan Ratio in the Commercial and Mortgage segments.

When excluding past due loans of the three troubled home developers, the Past Due Loan Ratio would be 2.1%, 30 bp higher YoY and QoQ vs. 2Q14.

Past Due Loan Ratios by segment showed the following trends during the last 12-months:

	3Q13	4Q13	1Q14	2Q14	3Q14
Credit Cards	6.0%	5.9%	6.2%	6.3%	5.9%
Payroll	2.3%	2.3%	2.0%	2.5%	2.2%
Car loans	1.6%	1.6%	1.3%	1.9%	1.9%
Mortgage	1.3%	1.3%	1.3%	1.3%	1.4%
Commercial	3.9%	2.9%	3.6%	3.9%	5.0%
Corporate	7.5%	8.6%	7.3%	7.3%	6.8%
Government	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3.2%	3.1%	3.0%	3.1%	3.3%

The expected loss of Banco Mercantil del Norte, the Financial Group's main subsidiary, represents 2.1% and the unexpected loss 3.3%, both with respect to the total portfolio at the end of 3Q14. The average expected loss represented 2.1% for the period of July to September 2014. These ratios were 2.1% and 3.4%, respectively for 2Q14, and 2.2% and 3.4% 12 months ago.

Banco Mercantil del Norte's Net Credit Losses (NCL) was 0.8%, an increase of 10 basis points vs. 2Q14 as a result of lower level of write-offs realized during the last 12 months.

Quarterly changes in accounts that affect Non Performing Loans' balances for the Financial Group were:

Past Due Loan Variations (Million Pesos)	
Balance as of June '14	14,012
Transfer from Performing Loans to Past Due Loans	5,194
Portfolio Purchase	199
Renewals	(379)
Cash Collections	(1,041)
Discounts	(364)
Charge Offs	(1,982)
Foreclosures	(57)
Transfer from Past Due Loans to Performing Loans	(641)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	9
Fair Value Ixe	4
Balance as of September '14	14,951

Of the total loan portfolio, 80% is rated as Risk A, 14% as Risk B and 6% as Risk C, D and E combined.

Risk Rating of Performing Loans as of 3Q14-GFNorte (Million Pesos)							
CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	338,944	688	416	154	320	100	1,678
A2	57,862	305	141	14	299	43	802
B1	18,365	136	0	10	730	10	886
B2	26,685	111	148	1	669	20	949
B3	21,909	320	125	6	469	8	928
C1	6,451	189	17	2	217	33	458
C2	5,452	206	10	0	452	89	757
D	15,411	4,133	0	0	1,488	389	6,010
E	3,743	1,580	-	-	1,072	138	2,790
<b>Total</b>	<b>494,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Not Classified	(20)	-	-	-	-	-	-
Exempt	28	-	-	-	-	-	-
<b>Total</b>	<b>494,836</b>	<b>7,668</b>	<b>858</b>	<b>189</b>	<b>5,716</b>	<b>831</b>	<b>15,261</b>
<b>Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,550</b>
<b>Preventive Reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>289</b>

Notes:

- 1.- The ratings of loans and reserves created correspond to the last day of the month referred to in the Balance Sheet as of September 30, 2014.
- 2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV.
- 3.- The additional loan loss reserves follow the rules applicable to banks and credit institutions.

Based on B6 Credit Portfolio criteria of the CNBV, a Distressed Portfolio is defined as those commercial loans unlikely to be recovered fully, including both principal and interest pursuant to terms and conditions originally agreed. Such determination is made based on actual information and data and on the loan review process. Performing loans and past-due loans are susceptible of being identified as Distressed Portfolios. The D and E risk degrees of the commercial loan rating are as follows:

(Million Pesos)	Total
Distressed Portfolio	12,341
Total Loans	494,836
<b>Distressed Portfolio / Total Loans</b>	<b>2.5%</b>

- **Loan Loss Reserves and Preventive Loan Loss Reserves**

<b>Loan Loss Reserves</b>	
<i>(Million Pesos)</i>	
	<b>3Q14</b>
<b>Previous Period Ending Balance</b>	<b>14,642</b>
Provisions charged to results	3,328
Created with profitability margin	0
Reserve Portfolio Sold	(166)
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	(1,026)
Consumer Loans	(912)
Mortgage Loans	(335)
Foreclosed assets	0
	(2,272)
Cost of debtor support programs	(2)
Valorization and Others	20
Adjustments	0
<b>Loan Loss Reserves at Period End</b>	<b>15,550</b>

**Loan Loss Reserves at the end of 3Q14 totaled Ps 15.55 billion**, 6% higher than 2Q14. Moreover, 45% of write-offs, charge-offs and discounts corresponds to the Commercial portfolio, 40% to Consumer and 15% to Mortgages.

**At the end of 3Q14, the loan loss coverage ratio was 104.0%** (103.6% excluding INB), decreasing (1.7 pp) YoY and (0.5 pp) QoQ.

## BANKING SECTOR

Banking Sector: Banco Mercantil del Norte, Banorte USA, Banorte- Ixe Tarjetas,, Ixe Banco and Fincasa (both since May 2013) and Afore XXI Banorte (50% ownership).

Income Statement and Balance Sheet Highlights-Banking Sector			3Q13	2Q14	3Q14	Change		9M13	9M14	Change
(Million Pesos)						QoQ	YoY			9M13
Income Statement										
Net Interest Income		8,704	9,277	9,567	3%	10%	25,632	27,878	9%	
Non Interest Income		2,943	3,857	4,102	6%	39%	10,051	11,415	14%	
Total Income		11,646	13,134	13,669	4%	17%	35,683	39,293	10%	
Non Interest Expense		6,137	6,401	6,376	(0%)	4%	19,187	19,150	(0%)	
Provisions		1,957	2,826	3,208	14%	64%	6,988	8,403	20%	
Operating Income		3,552	3,907	4,086	5%	15%	9,508	11,739	23%	
Taxes		951	1,180	1,298	10%	36%	1,842	3,687	100%	
Subsidiaries & Minority Interest		337	349	258	(26%)	(23%)	1,157	900	(22%)	
Net Income		2,938	3,075	3,046	(1%)	4%	8,824	8,952	1%	
Balance Sheet										
Total Assets		800,679	862,996	867,924	1%	8%	800,679	867,924	8%	
Performing Loans (a)		407,542	427,260	436,582	2%	7%	407,542	436,582	7%	
Past Due Loans (b)		13,487	13,659	14,643	7%	9%	13,487	14,643	9%	
Total Loans (a+b)		421,028	440,919	451,226	2%	7%	421,028	451,226	7%	
Total Loans Net (d)		406,979	426,703	436,237	2%	7%	406,979	436,237	7%	
Acquired Collection Rights ( e)		1,948	1,610	1,545	(4%)	(21%)	1,948	1,545	(21%)	
Total Loans (d+e)		408,927	428,313	437,782	2%	7%	408,927	437,782	7%	
Total Liabilities		725,742	775,441	777,397	0%	7%	725,742	777,397	7%	
Total Deposits		440,703	451,580	464,268	3%	5%	440,703	464,268	5%	
Equity		74,937	87,555	90,527	3%	21%	74,937	90,527	21%	
Financial Ratios Banking Sector			3Q13	2Q14	3Q14	Change		9M13	9M14	Change
						QoQ	YoY			9M13
Profitability:										
NIM (1)		4.8%	4.7%	4.8%	0.1 pp	(0.0 pp)	4.7%	4.7%	(0.0 pp)	
NIM after Provisions (2)		3.7%	3.2%	3.2%	(0.1 pp)	(0.5 pp)	3.5%	3.3%	(0.1 pp)	
ROE (4)		15.9%	14.3%	13.7%	(0.6 pp)	(2.2 pp)	16.1%	14.0%	(2.1 pp)	
ROA (5)		1.5%	1.4%	1.4%	(0.0 pp)	(0.1 pp)	1.5%	1.4%	(0.1 pp)	
Operation:										
Efficiency Ratio (6)		52.7%	48.7%	46.6%	(2.1 pp)	(6.1 pp)	53.8%	48.7%	(5.0 pp)	
Operating Efficiency Ratio (7)		3.1%	3.0%	2.9%	(0.0 pp)	(0.2 pp)	3.3%	3.0%	(0.3 pp)	
Liquidity Ratio (8)		112.1%	118.9%	116.9%	(2.0 pp)	4.8 pp	112.1%	116.9%	4.8 pp	
Asset Quality:										
Past Due Loan Ratio		3.2%	3.1%	3.2%	0.1 pp	0.0 pp	3.2%	3.2%	0.0 pp	
Coverage Ratio		104.2%	104.1%	102.4%	(1.7 pp)	(1.8 pp)	104.2%	102.4%	(1.8 pp)	
Past Due Loan Ratio w/o Banorte USA		3.3%	3.2%	3.3%	0.2 pp	0.1 pp	3.3%	3.3%	0.1 pp	
Coverage Ratio w/o Banorte USA		104.0%	103.6%	102.0%	(1.6 pp)	(2.0 pp)	104.0%	102.0%	(2.0 pp)	
Growth (8)										
Performing Loans (9)		8.8%	5.4%	7.1%	1.7 pp	(1.7 pp)	8.8%	7.1%	(1.7 pp)	
Core Deposits		13.9%	15.8%	12.8%	(3.0 pp)	(1.1 pp)	13.9%	12.8%	(1.1 pp)	
Total Deposits		11.5%	6.5%	5.3%	(1.1 pp)	(6.2 pp)	11.5%	5.3%	(6.2 pp)	
Capitalization:										
Net Capital/ Credit Risk Assets		20.2%	21.3%	22.0%	0.7 pp	1.8 pp	20.2%	22.0%	1.8 pp	
Total Capitalization Ratio		14.9%	15.0%	14.9%	(0.0 pp)	0.1 pp	14.9%	14.9%	0.1 pp	

1) NIM = Annualized Net Interest Margin for the quarter / Average of Performing Assets.

2) NIM = Annualized Net Interest Margin for the quarter adjusted for Credit Risks / Average of Performing Assets.

3) Net Income of the period annualized as a percentage of the quarterly average of Equity (excluding minority interest) for the same period.

4) Net Income of the period annualized as a percentage of the quarterly average of Total Assets (excluding minority interest) for the same period.

5) Non-Interest Expenses / Total Income

6) Annualized Non-Interest Expenses of the quarter / Average of Total Assets

7) Liquid Assets / Liquids Liabilities (Liquid Assets = Availability + Titles for negotiation + Titles available for sale; Liquid Liabilities = Demand deposits + Loans from banks and of other organisms immediately payable + short term loans from banks and of other organisms.)

8) Growth compared to the same period of the previous year.

9) Does not include Fobaproa / IPAB and proprietary portfolio managed by the Recovery Bank.

- Net Interest Income

Net Interest Income-Banking Sector (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
Interest Income	14,018	14,276	13,867	(3%)	(1%)	41,771	42,148	1%
Interest Expense	5,540	5,229	4,641	(11%)	(16%)	16,980	15,095	(11%)
Loan Origination Fees	311	325	441	36%	42%	1,134	1,104	(3%)
Fees Paid	86	95	99	5%	16%	293	279	(5%)
<b>Net Interest Income</b>	<b>8,704</b>	<b>9,277</b>	<b>9,567</b>	<b>3%</b>	<b>10%</b>	<b>25,632</b>	<b>27,878</b>	<b>9%</b>
Provisions	1,957	2,826	3,208	14%	64%	6,988	8,403	20%
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>6,746</b>	<b>6,451</b>	<b>6,359</b>	<b>(1%)</b>	<b>(6%)</b>	<b>18,644</b>	<b>19,474</b>	<b>4%</b>
Average Productive Assets	731,434	797,236	805,068	1%	10%	719,628	784,096	9%
<b>Net Interest Margin (1)</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>0.1 pp</b>	<b>(0.0 pp)</b>	<b>4.7%</b>	<b>4.7%</b>	<b>(0.01 pp)</b>
<b>NIM after Provisions (2)</b>	<b>3.7%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>(0.1 pp)</b>	<b>(0.5 pp)</b>	<b>3.5%</b>	<b>3.3%</b>	<b>(0.14 pp)</b>

1) NIM = Annualized Net Interest Margin for the quarter / Average of Performing Assets.

2) NIM = Annualized Net Interest Margin for the quarter adjusted for Credit Risks / Average of Performing Assets.

During 9M14 Net Interest Income grew 9% YoY going from Ps 25.63 to Ps 27.88 billion, and increased 10% YoY considering only interest income and net fees related to loan originations as a result of a 7% growth in performing loans due to a better mix, especially in high yielding products and despite the sale of payroll loans to Solida; it is also due to a lower cost of funding, which is the result of: i) a growth in Core Deposits, mainly in Demand Deposits; ii) a reduction of 100 bp on the reference rate of last year and iii) the liquidation in August 2013 of Ixe's Perpetual Subordinated Obligations issued at 9.75% in dollars and the prepayment of Preferred Subordinated Obligations for Ps 2.2 billion in April 2014, paying a rate of TIIE + 2.0%.

During 3Q14, Net Interest Income totaled Ps 9.57 billion, an increase of 10% YoY and 3% QoQ. The YoY increase is explained by growth in the portfolio with a better mix despite the sale of payroll loans to Solida, more loan origination fees and a lower cost of funding. The QoQ growth was due to a 2% increase in the loan portfolio with a better mix despite the sale of payroll loans to Solida, the increase in loan origination fees and a lower cost of funding as a result of a 3% increase in Core Deposits. Considering only interest income and net fees related to loan origination, the quarterly Net Interest Income increased 11% vs. 3Q13 and 5% vs. 2Q14.

The average NIM was 4.7% during 9M14, remaining unchanged vs. 9M13. In 3Q14, NIM was 4.8%, unchanged vs. 3Q13 and 0.1 pp higher vs. 2Q14.

- Loan Loss Provisions

During 9M14 Loan Loss Provisions charged to results totaled Ps 8.40 billion, 20% higher vs. 9M13, and Ps 3.21 billion in 3Q14, an increase of 64% vs. 3Q13 and 14% vs. 2Q14.

The increase vs. 3Q13 is explained mainly by higher requirements in the Middle Market Companies', SMEs, Payroll, Credit Card and Government loan portfolios, as well as the loan exposures to housing developers. The QoQ increase vs. 2Q14 comes from higher provisions in the Payroll, Middle Market Companies', SMEs, Credit Cards, Government and housing developers loan portfolios, which were partially offset by lower provisions in the Mortgage and Car loan portfolios.

The average NIM adjusted for Credit Risks was 3.3% for 9M14, 14 bp lower vs. 9M13, and 3.2% in 3Q14, a reduction of 53 bp YoY and 8 bp QoQ.

- **Non-Interest Income**

Non Interest Income (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
Services	1,872	2,027	<b>2,106</b>	4%	12%	5,538	<b>6,129</b>	11%
Recovery	16	5	<b>18</b>	285%	13%	63	<b>29</b>	(55%)
Trading	503	1,355	<b>1,083</b>	(20%)	115%	2,426	<b>3,487</b>	44%
Other Operating Income (Expense)	551	470	<b>894</b>	90%	62%	2,024	<b>1,771</b>	(13%)
<b>Non Interest Income</b>	<b>2,943</b>	<b>3,857</b>	<b>4,102</b>	<b>6%</b>	<b>39%</b>	<b>10,051</b>	<b>11,415</b>	<b>14%</b>

**Non-Interest Income in 9M14, totaled Ps 11.42 billion**, a 14% YoY increase driven by growth in Trading revenues and Service Fees, which offset declines in Other Operating Income (Expenses) and real estate portfolio recoveries; **Non-Interest Income for 3Q14 was Ps 4.10 billion**, representing a growth of 39% vs. 3Q13 and 6% vs. 2Q14. YoY growth was a result of growth in all areas; while the QoQ increase was a result of growth in all areas except trading.

- **Non-Interest Expenses**

Non Interest Expense (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
Personnel	2,813	2,884	<b>2,695</b>	(7%)	(4%)	9,637	<b>8,529</b>	(11%)
Professional Fees	530	605	<b>669</b>	11%	26%	1,622	<b>1,821</b>	12%
Administrative and Promotional	1,145	1,222	<b>1,277</b>	4%	12%	2,995	<b>3,607</b>	20%
Rents, Depreciation & Amortization	768	853	<b>859</b>	1%	12%	2,264	<b>2,502</b>	11%
Taxes other than income tax & non deductible expenses	329	270	<b>303</b>	12%	(8%)	1,082	<b>993</b>	(8%)
Contributions to IPAB	474	466	<b>474</b>	2%	(0%)	1,347	<b>1,399</b>	4%
Employee Profit Sharing (PTU)	78	101	<b>99</b>	(1%)	27%	241	<b>299</b>	24%
<b>Non Interest Expense</b>	<b>6,137</b>	<b>6,401</b>	<b>6,376</b>	<b>(0%)</b>	<b>4%</b>	<b>19,187</b>	<b>19,150</b>	<b>(0%)</b>

**Non-Interest Expenses in 9M14 totaled Ps 19.15 billion**, (0.2%) lower YoY mainly due to the reduction in Personnel Expenses and Other Taxes and Non-Deductible Expenses, which offset growth in other areas. **Non-Interest Expenses in 3Q14 totaled Ps 6.38 billion**, a 4% YoY increase and a (0.4%) decrease QoQ. Growth vs. 3Q13 was due to the increase mainly in Professional Fees, Administrative and Promotional Expenses and Rents, Depreciations and Amortizations; while the flat comparison vs. QoQ was the result of a reduction in Personnel Expenses, which offset increases in expenses in other items.

**The Efficiency Ratio for 9M14 was 48.7%**, (5.0 pp) lower YoY vs. 9M13; and **46.6% for 3Q14**, a decrease of (6.1 pp) vs. 3Q13 and (2.1 pp) vs. 2Q14. In all cases the improvement in this ratio was due to the positive operating leverage achieved.

- **Net Income**

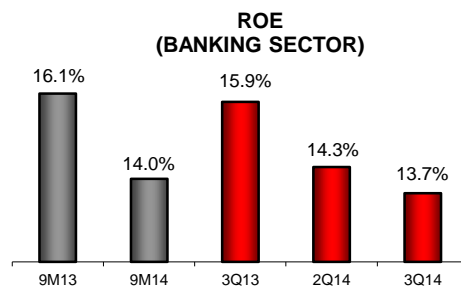
Net Income for the Banking Sector in **9M14 was Ps 8.95 billion**, increasing Ps 128 million or 1% YoY vs. 9M13, due to the positive operating leverage achieved, which offset higher provisions, higher tax payments and lower profits of Afore XXI Banorte.

**Net Income for the Banking Sector in 3Q14 was Ps 3.05 billion**, 4% higher vs. 3Q13 and (Ps 29) million lower or (1%) vs. 2Q14. Growth vs. 3Q13 was the result of the positive operating leverage achieved, which offset higher provisions, higher taxes and the decline in the Afore's profits. The QoQ decrease vs. 2Q14 was mainly due to an increase in provisions, taxes and lower profits of Afore XXI Banorte, effects that offset the 4% increase in total revenues and the decrease in Operating Expenses.

**SOFOM Banorte-Ixe Tarjetas** continues to report positive performance, accumulating net profits of Ps 1.42 billion during the year, 63% higher YoY vs. 9M13, contributing with 12% of the Financial Group's profits.

**ROE for 9M14 of this sector was 14.0%**, 208 bp lower vs. 9M13 as a result of equity increases, while the **quarterly ROE was 13.7%**, (2.2 pp) lower YoY vs. 3Q13 due to the equity increases and (0.6 pp) lower vs. 2Q14. **Accumulated ROA**

for this sector as of 9M14 was 1.4%, decreasing 10 bp YoY; this ratio was also 1.4% for the quarter, lower by 8 bp vs. 3Q13 and 2 bp vs. 2Q14.



• **NPL Ratio**

The Banking Sector's Past Due Loan Ratio for 3Q14 was 3.2% (includes INB past due loans), remaining unchanged YoY vs. 3Q13 and 0.1 pp higher vs. 2Q14.



## BANORTE USA

## I. Banorte USA

Income Statement– Banorte USA				Change				Change
Figures in MEX GAAP (Million Pesos)	3Q13	2Q14	3Q14	QoQ	YoY	9M13	9M14	9M13
Income Statement								
Net Interest Income	149	162	160	(1%)	7%	432	480	11%
Non Interest Income	102	119	122	3%	20%	326	361	11%
Total Income	251	281	282	0%	12%	758	841	11%
Non Interest Expense	185	211	186	(12%)	1%	557	588	5%
Loan Loss Reserves	8	2	3	21%	(65%)	25	16	(36%)
Operating Income	59	68	93	37%	59%	176	238	35%
Taxes	19	22	32	48%	72%	57	79	38%
Net Income	40	46	61	32%	54%	119	159	33%

Under Generally Accepted Accounting Principles for Mexico (MEX GAAP), the Net Income of Banorte USA (owner of 100% of Inter National Bank as well as 100% of remittance companies Uniteller and Motran) was Ps 159 million for 9M14, increasing by 33% YoY, mainly due to growth in Net Interest Income and Non-Interest Income as well as lower provisions. Net Income for Banorte USA during 9M14 represents 1.3% of the Financial Group's profits. Net Income for 3Q14 was Ps 61 million, 54% higher vs. 3Q13 due to growth in Net Interest Income and Non-Interest Income, as well as lower provisions.

## II. Inter National Bank (US GAAP)

Income Statement & Balance Sheet Highlights - InterNational Bank						Change		
Figures in US GAAP (Millon Dollars)	3Q13	2Q14	3Q14	QoQ	YoY	9M13	9M14	Change 9M13
Income Statement								
Net Interest Income	12	13	13	(2%)	4%	35	38	7%
Non Interest Income	4	4	4	4%	(3%)	16	13	(18%)
Total Income	16	17	17	(1%)	2%	51	51	(1%)
Non Interest Expense	11	12	10	(16%)	(11%)	36	33	(9%)
Loan Loss Reserves	0	0	1	230%	121%	-	1	(460%)
Operating Income	5	4	6	34%	26%	15	17	11%
Net Income	3	3	4	28%	21%	10	11	9%
Balance Sheet								
Investments in Securities	662	553	509	(8%)	(23%)	662	509	(23%)
Performing Loans	700	840	854	2%	22%	700	854	22%
Past Due Loans	6	8	8	(4%)	22%	6	8	22%
Demand Deposits	818	852	806	(5%)	(2%)	818	806	(2%)
Time Deposits	620	601	592	(1%)	(4%)	620	592	(4%)
Total Deposits	1,438	1,452	1,398	(4%)	(3%)	1,438	1,398	(3%)
Equity	409	424	426	1%	4%	409	426	4%

Financial Ratios INB	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
<i>Figures in US GAAP (Million Dollars)</i>				QoQ	YoY			9M13
<b>Profitability:</b>								
NIM	3.1%	3.4%	<b>3.4%</b>	0.0	0.2	2.9%	<b>3.4%</b>	0.5
ROE	3%	3%	<b>4%</b>	0.8	0.5	3.2%	<b>3.5%</b>	0.3
ROA	0.6%	0.6%	<b>0.8%</b>	0.2	0.2	0.7%	<b>0.8%</b>	0.1
<b>Operational:</b>								
Efficiency Ratio	70.1%	72.9%	<b>61.5%</b>	(11.4)	(8.6)	71.4%	<b>65.3%</b>	(6.0)
<b>Asset Quality:</b>								
Past Due Loan Ratio	0.9%	1.0%	<b>0.9%</b>	(0.1)	0.0	0.9%	<b>0.9%</b>	0.0
Coverage Ratio	221.2%	189.3%	<b>201.7%</b>	12.3	(19.5)	221.2%	<b>201.7%</b>	(19.5)
<b>Capitalization:</b>								
Leverage Ratio	12.1%	13.0%	<b>13.4%</b>	0.4	1.3	12.1%	<b>13.4%</b>	1.3
Capitalization Ratio	25.9%	23.7%	<b>23.7%</b>	0.0	(2.2)	25.9%	<b>23.7%</b>	(2.2)

Under Generally Accepted Accounting Principles of the United States (US GAAP), Inter National Bank (INB) posted net profits for **US \$11 million in 9M14, a 9% YoY increase** mainly due to higher Net Interest Income derived from the significant growth registered in the loan portfolio, as well as lower Operating Expenses. **Net Income for 3Q14 increased 21% YoY and 28% QoQ vs. 2Q14** due to lower Operating Expenses in both cases.

INB has an investment portfolio of US \$509 million mainly consisting of mortgage-backed securities, which decreased US \$153 million or (23%) YoY and US \$44 million or (8%) QoQ. The mortgages backing these securities have been rated AAA and have an implicit guarantee from the US government. The portfolio presents an unrealized valuation loss in 3Q14 of US (\$12) million and the weighted average life is 4.9 years.

**Total Deposits amounted to US \$1.40 billion**, decreasing by US \$40 million or (3%) YoY and US \$54 million or (4%) QoQ. **Performing Loans totaled US \$854 million**, increasing by US \$154 million or 22% YoY and US \$14 million, or 2% QoQ. **Past Due Loans posted US \$8 million**, registering a reduction of US \$2 million or (22%) YoY and remaining unchanged QoQ.

Capitalization and Leverage Ratios remain robust. The **Capitalization Ratio at the close of 9M14 was 23.7%** and the **Leverage Ratio was 13.4%**. The **Past Due Loan ratio was 0.9%**, remaining unchanged YoY and declining by (0.1) pp QoQ; the **Coverage ratio was 201.7%**, decreasing (19.5) pp YoY and increasing 12.3 pp QoQ

Regarding Profitability ratios, **ROE during 9M14 was 3.5%**, 0.3 pp higher YoY; ROE for 3Q14 was 3.6%, increasing 0.5 pp YoY and 0.8 pp QoQ. **ROA for 9M14 was 0.8%**, 0.1 pp higher YoY, and ROA for 3Q14 was also 0.8%. The **Efficiency Ratio was 65.3% for 9M14**, (6.0) pp lower YoY; and was 61.5% for 3Q14, decreasing (11.4) pp QoQ and (8.6) pp YoY. NIM for 9M14 was 3.4%, increasing 0.5 pp YoY; similarly NIM in 3Q14 was 3.4%, comparing favorably vs. the 3.1% of 3Q13 and remained unchanged vs. 2Q14.

## III. UniTeller Financial Services (US GAAP)

Income Statement and Transactions Highlights <i>UniTeller Financial Services</i>	3Q13	2Q14	3Q14	Change		9M13	9M14	Change 9M13
				QoQ	YoY			
<i>Figures in US GAAP (Thousand Dollars)</i>								
Profitability:								
Revenues	4,911	7,105	7,326	3%	49%	14,352	20,493	43%
Cost of Sales	3,174	4,657	4,697	1%	48%	9,318	13,272	42%
Margin	1,737	2,448	2,629	7%	51%	5,035	7,220	43%
Expenses	1,290	1,697	1,825	8%	42%	4,330	5,157	19%
Income before Taxes	448	751	804	7%	80%	705	2064	193%
Net Income	290	513	533	4%	84%	457	1388	204%
Transactions								
# of created transactions (thousand)	1,284	2,079	2,133	3%	66%	3,384	5,916	75%

UniTeller Financial Services and subsidiaries (UFS) recorded accumulated profits of US \$1.39 million dollars in 9M14, comparing favorably to the profits of US \$457 thousand dollars for the same period of the previous year, mainly due to more transactions.

At the end of 9M14 transactions showed a 75% YoY growth, resulting mainly from the expansion of the processing business, including more services to other institutions.

## IV. Solida USA

In order to reduce Classified Assets and achieve levels acceptable to the OCC, (INB's regulator in the United States), INB sold assets to Banorte and Solida. These assets are managed by "Solida USA", Banorte's recovery subsidiary in the United States.

Assets under management by Solida USA as of 3Q14 are as follows:

Solida Mexico (Foreclosed Assets):	US \$ 21 million
Banorte (Foreclosed Loans and Assets):	US \$ 76 million
INB (Classified Assets and Mortgage Portfolio):	US \$ 20 million
Total:	US \$117 million

As a result of the adequate asset management, **INB's Tier 1 Classified Assets Ratio at the close of 3Q14 was 8.5%**, within the acceptable parameters of the regulator in the United States.

## RECOVERY BANKING

Income Statement Highlights - Recovery Banking			
	9M13	9M14	Change
(Million Pesos)			9M13
Net Interest Income	17	15	(9%)
Loan Loss Provisions	(5)	(4)	(27%)
Non Interest Income	1,575	1,191	(24%)
Non Interest Expense	(684)	(686)	0%
Pre-tax Income & Subsidiaries	903	517	(43%)
Income Tax and Profit Sharing	(262)	(125)	(52%)
<b>Net Income</b>	<b>641</b>	<b>392</b>	<b>(39%)</b>

Assets Under Management	3Q14	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
(Million Pesos)			
<b>Banking Sector Portfolio- Banorte:</b>	<b>59,087</b>	Banorte's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
<b>Loans purchased and managed:</b>	<b>31,164</b>	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
<b>Investment Projects (1):</b>	<b>6,709</b>	Solida Asset Management and Banorte	Non Interest Income
<b>Total</b>	<b>96,960</b>		

- **Net Income**

**Recovery Banking posted profits of Ps 392 million in 9M14**, (39%) lower than the same period in 2013, because of lower Non-Interest Income as a result of a significant recovery registered in 1Q13. Recovery Bank contributed 3.4% of the Group's profits.

- **Assets Under Management**

The Recovery Bank **managed total assets of Ps 59.1 billion** at the end of the 3Q14, of which 24% corresponds to mortgage loans, 23% to Crediactivo, 13% to payroll loans, 11% to middle market companies, 10% to foreclosed assets, 8% to credit cards, 6% to car loans, 3% to commercial, 1% to personal loans and 1% to affiliates. Gross revenue generated by the portfolio during 9M14 amounted to Ps 680 million, (5%) lower YoY.

At the end of 3Q14, of the **Ps 31.2 billion in portfolios acquired and managed** by the Recovery Bank, 35% are mortgages, 22% to the portfolio managed on behalf of the Mexican mortgages agency SHF, 21% to middle market companies and commercial loans, 13% to real estate portfolios, and 9% to foreclosed assets and payments in kind. These portfolios generated gross revenues in 9M14 of Ps 605 million, (40%) lower YoY.

## BROKERAGE

Brokerage Sector (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Brokerage</b>								
Net Income	110	256	<b>297</b>	16%	170%	495	<b>756</b>	53%
Shareholder's Equity	2,370	3,014	<b>2,540</b>	(16%)	7%	2,370	<b>2,540</b>	7%
Assets Under Custody	683,237	733,725	<b>778,344</b>	6%	14%	683,237	<b>778,344</b>	14%
Total Assets	89,306	57,332	<b>65,574</b>	14%	(27%)	89,306	<b>65,574</b>	(27%)
ROE	19.1%	35.3%	<b>42.7%</b>	7.4 pp	23.6 pp	25.4%	<b>37.0%</b>	11.5 pp
<b>Net Capital</b>								
Net Capital (1)	1,845	2,558	2,132	(17%)	16%	1,845	2,132	16%

1) Net capital structure: Tier 1 = Ps 2.13 billion, Tier 2 = Ps 0 million.

- Net Income**

The Brokerage Sector (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe) reported profits of Ps 756 million in 9M14, 53% higher than in the same period of the previous year. Growth was driven by higher Net Interest Income, Non-Interest Income (mainly in trading) and lower Non-Interest Expenses, which offset higher taxes. The Brokerage Sector net income for 9M14 represented 7% of the Financial Group's profits.

Net Income in 3Q14 totaled Ps 297 million, an increase of 170% vs. 3Q13 and 16% vs. 2Q14. The YoY growth is explained by higher trading revenues and management of Non-Interest Expenses, which offset a lower Net Interest Income, Net Fees and higher taxes. The QoQ performance vs. 2Q14 is explained by higher trading revenues and Net Fees and a reduction in Non-Interest Expenses, which offset the decline in the Net Interest Income.

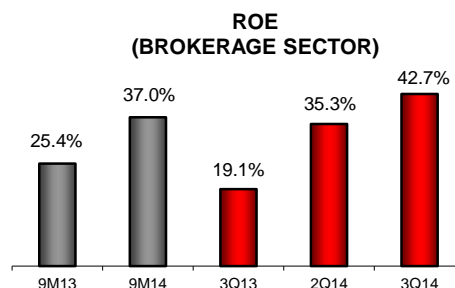
- Mutual Funds**

Operadora de Fondos Banorte Ixe reported profits of Ps 79 million in 9M14, a 19% increase vs. the same period of the previous year due to greater fees resulting from growth in assets under management. At the end of 3Q14 profits totaled Ps 30 million, 14% higher YoY and 5% higher QoQ.

At the end of 3Q14, assets managed by Banorte-Ixe's mutual funds amounted to Ps 153.2 billion, a 32% YoY growth. Assets held in fixed income funds totaled Ps 135.2 billion, a YoY increase of 31%, while equity funds held assets of Ps 18 billion, a YoY increase of 46%. At the end of September, Banorte-Ixe had an 8.2% share of the mutual fund market, comprised of 9.5% in fixed income funds and by 4.1% in equity funds.

- Assets Under Custody**

At the end of 3Q14, AUC totaled Ps 778.3 billion, an increase of 14% YoY and 6% QoQ due lower assets under custody.



## LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Afore (1)</b>								
Net Income (a)	656	681	<b>495</b>	(27%)	(25%)	1,762	<b>1,753</b>	(1%)
Shareholder's Equity	23,835	23,432	<b>23,928</b>	2%	0%	23,835	<b>23,928</b>	0%
Total Assets	25,153	24,659	<b>25,245</b>	2%	0%	25,153	<b>25,245</b>	0%
AUM (SIEFORE)*	531,039	583,549	<b>589,723</b>	1%	11%	531,039	<b>589,723</b>	11%
ROE	11.2%	11.3%	<b>8.4%</b>	(2.9 pp)	(2.8 pp)	12.4%	<b>9.7%</b>	(2.7 pp)
<b>Insurance- Seguros Banorte</b>								
Total Operating Income	468	760	<b>783</b>	3%	67%	1,682	<b>2,428</b>	44%
Non Interest Expense	176	210	<b>190</b>	(9%)	8%	596	<b>596</b>	0%
Operating Income	292	549	<b>593</b>	8%	103%	1,086	<b>1,832</b>	69%
Taxes	91	169	<b>202</b>	20%	122%	324	<b>582</b>	80%
Subsidiaries & Minority Interest	(1)	(1)	<b>(0)</b>	(71%)	(68%)	<b>(3)</b>	<b>(2)</b>	(51%)
Net Income	200	380	<b>390</b>	3%	95%	759	<b>1,248</b>	64%
Shareholder's Equity	3,514	4,713	<b>4,554</b>	(3%)	30%	3,514	<b>4,554</b>	30%
Total Assets	18,533	23,434	<b>21,860</b>	(7%)	18%	18,533	<b>21,860</b>	18%
Technical Reserves	11,813	12,937	<b>12,690</b>	(2%)	7%	11,813	<b>12,690</b>	7%
Premiums sold	2,540	4,820	<b>2,768</b>	(43%)	9%	10,193	<b>12,516</b>	23%
Coverage ratio of technical reserves	1.2	1.3	<b>1.3</b>	(0.0 pp)	0.1 pp	1.2	<b>1.3</b>	0.1 pp
Capital coverage ratio of minimum guarantee	1.6	2.0	<b>1.9</b>	(0.1 pp)	0.3 pp	1.6	<b>1.9</b>	0.3 pp
Coverage ratio of minimum capital	39.9	49.5	<b>52.0</b>	2.6 pp	12.2 pp	39.9	<b>52.0</b>	12.2 pp
ROE	23.6%	33.8%	<b>33.9%</b>	0.1 pp	10.3 pp	31.1%	<b>38.4%</b>	7.3 pp
<b>Annuities</b>								
Total Operating Income	116	164	<b>183</b>	12%	57%	354	<b>495</b>	40%
Non Interest Expense	65	64	<b>69</b>	7%	6%	195	<b>202</b>	4%
Operating Income	51	100	<b>114</b>	15%	123%	159	<b>293</b>	85%
Taxes	16	32	<b>37</b>	16%	134%	49	<b>93</b>	88%
Subsidiaries & Minority Interest	1	1	<b>0</b>	(71%)	(72%)	3	<b>2</b>	(54%)
Net Income	36	69	<b>78</b>	13%	114%	113	<b>202</b>	79%
Shareholder's Equity	1,285	1,373	<b>1,451</b>	6%	13%	1,285	<b>1,451</b>	13%
Total Assets	50,307	56,706	<b>59,212</b>	4%	18%	50,307	<b>59,212</b>	18%
Technical Reserves	48,743	54,904	<b>57,311</b>	4%	18%	48,743	<b>57,311</b>	18%
Premiums sold	2,184	1,789	<b>2,227</b>	24%	2%	7,128	<b>6,028</b>	(15%)
Coverage ratio of technical reserves	1.0	1.0	<b>1.0</b>	0.0 pp	(0.0 pp)	1.0	<b>1.0</b>	(0.0 pp)
Coverage ratio of minimum capital	8.2	9.2	<b>10.2</b>	0.1 pp	0.2 pp	8.2	<b>10.2</b>	2.0 pp
ROE	11.5%	20.5%	<b>22.0%</b>	1.5 pp	10.5 pp	12.2%	<b>20.0%</b>	7.8 pp

1. In January 2012 the merger of Afore XXI and Afore Banorte was completed, therefore Afore XXI Banorte was created, which presents its results in Banco Mercantil del Norte through the equity participation method. As of January 2012, the acquisition of Afore Bancomer was completed, presenting the results since then

a. For informative and comparative purposes of this sector, Afore XXI Banorte's income is included in this section.

- **Afore XXI Banorte**

During 9M14, Afore XXI Banorte posted net profits of Ps 1.75 billion, (1%) lower vs. the same period of last year due to lower revenues and higher Operating Expenses, which coupled with a less favorable market environment that resulted in valuation losses of the investment portfolios. **Quarterly profits totaled Ps 495 million**, decreasing (25%) YoY and (27%) QoQ, both reductions are explained by a negative operating leverage and valuation losses in its investments from the movements in interest rates.

**ROE for Afore XXI Banorte** at the end of 9M14 was **9.7%**, (2.7 pp) lower vs. the same period of the previous year; and **31.6% excluding goodwill**. ROE for 3Q14 was 8.4%, lower by (2.8 pp) YoY and (2.9 pp) QoQ. Afore XXI Banorte contributed 8% of the Financial Group's profits for the first nine months of the year according to its participation in this company.

Assets under management as of September 2014 totaled Ps 589.7 billion, an increase of 1% vs. June 2014 and 11% vs. September 2013.

According to CONSAR, as of August 2014, Afore XXI Banorte had a 25.8% share in managed funds, ranking 1<sup>st</sup> in the market, with 11.38 million managed accounts (this figure does not include 5.9 million accounts managed by Afore XXI with resources deposited in Banco de Mexico), representing a 24.8% share of the total number of accounts in the system, being the market's leader.

- **Insurance**

On October 4<sup>th</sup>, 2013, the acquisition of Assicurazioni Generali S.p.A.'s 49% minority stake in Seguros Banorte Generali and Pensiones Banorte Generali was completed, and so as of this date GFNorte owns 100% of these companies' equity.

**In 9M14, Seguros Banorte reported profits of Ps 1.25 billion**, 64% higher YoY mainly due to growth in Net Interest Income and management of Operating Expenses, which were offset by lower Other Operating Income (Expenses) and higher taxes. Seguros Banorte's net income represented 11% of the Financial Group's profits for 9M14.

**Quarterly earnings totaled Ps 390 million**, an increase of 95% YoY and 3% QoQ. YoY growth was due to a greater Net Interest Income, which offset the decrease in Other Operating Income (Expenses), the increase in Operating Expenses and the increase in taxes. QoQ growth vs. 2Q14 was due to higher Net Interest Income and management of Operating Expenses, which offset the decline in Other Income (Expenses) and higher taxes.

**Written premiums** increased 23% YoY **totaling Ps 12.52 billion in 9M14**. **Technical reserves** reached **Ps 12.69 billion**, increasing 7% YoY and declining (2%) QoQ.

**ROE for the insurance company was 38.4% in 9M14**, 7.3 pp higher YoY, while ROE for 3Q14 was 33.9%, higher by 10.3 pp YoY and 0.1 pp QoQ.

Regarding the disclosure requested by the General Provisions applicable to Financial Groups' controlling companies, for this reporting period:

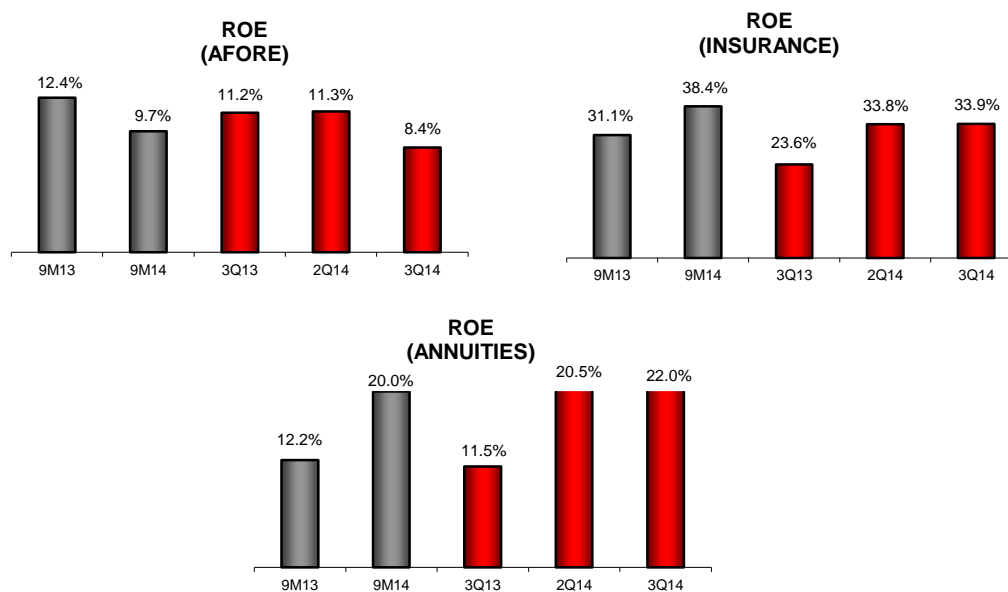
- A. Risks assumed through the issuance of insurance premiums and bonds, with respect to operations and authorized branches of cancelled operations.
  - *No cancellations were registered during 3Q14 that involved any technical risk.*
- B. Transfer of risks through reinsurance and rebonding contracts.
  - *In the P&C book two important government contracts and one in the tourism sector were ceded to reinsurers, i.e., 100% of the risk was transferred to prominent foreign reinsurance companies.*
- C. Contingencies arising from non-fulfillment by reinsurers and rebonders.
  - *There were no relevant events in 3Q14.*

- **Annuities**

**During 9M14, Pensiones Banorte reported profits of Ps 202 million**, growing by Ps 89 million or 79% vs. 9M13, due to growth in Net Interest Income, which offset lower trading revenues, and the increases in Operating Expenses and taxes. Net income for Pensiones Banorte for 9M14 represented 2% of the Financial Group's profits. **Quarterly earnings totaled Ps 78 million**, increasing by Ps 41 million or +114% YoY and +13% vs. 2Q14.



In 9M14 ROE of the Annuities company stood at 20.0%, higher by 7.8 pp vs. 9M13. In 3Q14 ROE was 22.0%, increasing 10.5 pp vs. 3Q13 and 1.5 pp QoQ.



## OTHER FINANCE COMPANIES

Other Finance Companies (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Leasing and Factoring</b>								
Net Income	221	159	<b>161</b>	1%	(27%)	425	<b>491</b>	16%
Shareholder's Equity	3,034	3,540	<b>3,702</b>	5%	22%	3,034	<b>3,702</b>	22%
Loan Portfolio (1)	20,025	21,681	<b>20,782</b>	(4%)	4%	20,025	<b>20,782</b>	4%
Past Due Loans	248	217	<b>168</b>	(23%)	(33%)	248	<b>168</b>	(33%)
Loan Loss Reserves	338	339	<b>311</b>	(8%)	(8%)	338	<b>311</b>	(8%)
Total Assets	20,442	22,041	<b>21,094</b>	(4%)	3%	20,442	<b>21,094</b>	3%
ROE	30.3%	18.4%	<b>17.8%</b>	(0.6 pp)	(12.5 pp)	19.7%	<b>19.0%</b>	(0.7 pp)
<b>Warehousing</b>								
Net Income	14	6	<b>8</b>	21%	(47%)	40	<b>23</b>	(42%)
Shareholder's Equity	269	287	<b>295</b>	3%	10%	269	<b>295</b>	10%
Inventories	568	657	<b>459</b>	(30%)	(19%)	568	<b>459</b>	(19%)
Total Assets	807	897	<b>687</b>	(23%)	(15%)	807	<b>687</b>	(15%)
ROE	21.9%	8.9%	<b>10.5%</b>	1.6 pp	(11.5 pp)	19.9%	<b>10.8%</b>	(9.1 pp)

1. Includes pure leasing portfolio registered in property, furniture and equipment (net).

- Leasing and Factoring**

In 9M14 Arrendadora y Factor Banorte reported profits amounting to Ps 491 million, increasing 16% YoY mainly due to the increase in Net Interest Income driven by a lower cost of funding, provisions and Operating Expenses. The Leasing and Factoring Company contributed 4% of the Financial Group's profits in 9M14.

Quarterly earnings totaled Ps 161 million, decreasing (27%) YoY but increasing 1% vs. 2Q14 due to lower provisions as a result of the portfolio rating derived from the decrease in the factoring portfolio.

ROE for the Leasing and Factoring company was 19.0% at the end of September 2014, (0.7 pp) lower YoY; while the QoQ ROE was 17.8%, decreasing (12.5 pp) vs. 3Q13 and (0.6 pp) vs. 2Q14.

At the end of 3Q14, the Past Due Loan Ratio was 0.9%, decreasing (0.2 pp) vs. 2Q14 and (0.5 pp) vs. the same period last year; the Coverage ratio was 186%, 50 pp higher vs. 3Q13 and 30 pp higher vs. 2Q14. The Capitalization ratio estimated as of September was 16.1% considering total risk-weighted assets of Ps 22.63 billion.

Arrendadora y Factor Banorte continues to be the market leader in terms of portfolio size and assets among the 47 companies in this sector, according to the Mexican Association of Leasing, Credit and Financing Companies A.C. (Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. - AMSOFAC).

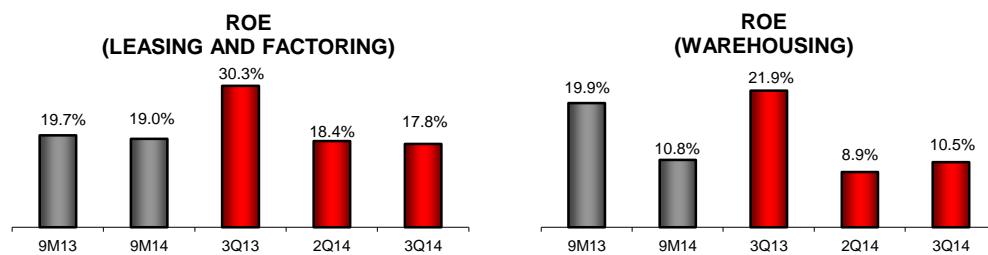
- Warehouse**

During 9M14, the Warehouse posted profits of Ps 23 million, (Ps 17) million less than last year due to a decline in the billing of services of issuance of certificates of deposit. Almacenadora Banorte contributed 0.2% of the Financial Group's profits in 9M14.

Quarterly earnings totaled Ps 8 million, (Ps 6.7) million less vs. 3Q13 mainly due to the decline in billings, however, it presented an increase of Ps 1.3 million vs. 2Q14.

ROE for 9M14 was 10.8%, (9.1 pp) lower YoY; ROE in 3Q14 was 10.5%, (11.5 pp) lower vs. 3Q13 and 1.6 pp higher vs. 2Q14.

At the end of 3Q14 the Capitalization Ratio was 12.8% considering total certificates at risk in circulation of Ps 1.63 billion. Almacenadora Banorte ranks third among the 18 warehouses of this sector in terms of generated profits.



## OTHER COMPANIES

Other Companies (Million Pesos)	3Q13	2Q14	3Q14	Change		9M13	9M14	Change
				QoQ	YoY			9M13
<b>Sólida Administradora de Portafolios (former Ixe Soluciones)</b>								
Net Income	(22)	(110)	<b>41</b>	(137%)	(282%)	244	<b>(108)</b>	(144%)
Shareholder's Equity	2,576	2,464	<b>4,007</b>	63%	56%	2,576	<b>4,007</b>	56%
Loan Portfolio	537	233	<b>4,259</b>	1730%	693%	537	<b>4,259</b>	693%
Past Due Loans	203	196	<b>196</b>	0%	(3%)	203	<b>196</b>	(3%)
Loan Loss Reserves	263	87	<b>250</b>	187%	(5%)	263	<b>250</b>	(5%)
Total Assets	13,015	13,263	<b>17,409</b>	31%	34%	13,015	<b>17,409</b>	34%
<b>Ixe Servicios</b>								
Net Income	0.6	0.5	<b>1.1</b>	127%	78%	0.7	<b>1.5</b>	111%
Shareholder's Equity	23	24	<b>25</b>	4%	9%	23	<b>25</b>	9%
Total Assets	34	133	<b>132</b>	(1%)	294%	34	<b>132</b>	294%
ROE	10.5%	7.8%	<b>17.3%</b>	9.4 pp	6.7 pp	4.3%	<b>8.4%</b>	4.1 pp

- Sólida Administradora de Portafolios**

During 9M14, Solida Administradora de Portafolios reported a loss of (Ps 108) million, a change of (Ps 352) million YoY, derived mainly from the decrease in Commissions and Fees, as well as the cost of funding unproductive assets related to home building projects. **In 3Q14 Solida Administradora de Portafolios reported profits of Ps 41 million**, comparing favorably vs. 3Q13 and 2Q14, mainly due to an improvement of financial margins derived from the acquisition of payroll loans to Banco Mercantil del Norte, and the usage of tax losses.

During the quarter, Solida Administradora de Portafolios acquired over **Ps 4 billion** of Banco Mercantil del Norte's **Performing Payroll loan portfolio**, with the corresponding loan loss reserves.

**The Past Due Loan Ratio was 4.6% at the close of 3Q14. The Coverage ratio was 128%**, comparing favorably to the 44% of 2Q14 and 2 pp lower than that reported in 3Q13. **The estimated Capitalization ratio for the end of 3Q14 was 15.8%**, higher than the 12.9% of 2Q14 due to the capital increase of Ps 1.5 billion executed in 3Q14.

## RATINGS

### International Ratings - GFNorte

Rating Agency	Rated Institutions	Rating	Category	Date
Standard & Poor's	Banco Mercantil del Norte	STABLE	Outlook	September, 2014
		BBB	Counterparty credit - Long term foreign currency	
		BBB	Counterparty credit - Long term local currency	
		A-2	Counterparty credit - Short term foreign currency	
		A-2	Counterparty credit - Short term local currency	
		BBB	Senior Unsecured Notes	
		BB	Subordinated Junior Notes (from the merged Ixe Banco)	
Fitch	Grupo Financiero Banorte	STABLE	Outlook	March, 2014
		bbb+	Viability	
		BBB+	Long term foreign currency (IDR'S)	
		F2	Short term foreign currency (IDR'S)	
		5	Support Rating-GFNorte	
		NF (Not Floor)	Support Rating Floor - GFNorte	
	Banco Mercantil del Norte	STABLE	Outlook	
		bbb+	Viability	
		BBB+	Long term foreign currency	
		F2	Short term foreign Currency	
		C	Individual - Foreign Currency	
		2	Support Rating - Banco Mercantil del Norte	
		BBB-	Support Rating Floor - Banco Mercantil del Norte	
		BB	Subordinated Junior Notes (from the merged Ixe Banco)	
Moody's	Banco Mercantil del Norte	STABLE	Outlook BFSR	May, 2014
		C-	Bank Financial Strenght	
		baa1	Baseline Credit Assessment	
		STABLE	Outlook	
		A2	Long term local currency deposits	
		A3	Long term foreign currency deposits	
		P-1	Short term local currency deposits	
		P-2	Short term foreign currency deposits	
		A2	Long term foreign currency senior debt	
		Baa2	Long term local currency subordinated debt	
		Baa2 (hyb)	Long term foreign currency subordinated debt	
		Baa3 (hyb)	Long term local currency junior subordinated debt	
		Baa3 (hyb)	Long term foreign currency junior subordinated debt	
	Arrendadora y Factor Banorte	STABLE	Outlook	May, 2014
		A3	Long term local currency issuer	
		P-2	Short term local currency issuer	
		(P)A3	Long term local currency senior debt	May, 2012
		(P)P-2	Short term local currency senior debt	

Domestic Ratings - GFNorte				
Rating Agency	Rated Institutions	Rating	Category	Date
Standard & Poor's	Banco Mercantil del Norte	STABLE	Outlook	April, 2014
		mxA-1+	National Scale Counterparty credit - Short term	
		mxAAA	National Scale Counterparty - Long term	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		mxA-1+	National Scale Counterparty credit - Short term	
		mxAAA	National Scale Counterparty credit - Long term	
Fitch	Banco Mercantil del Norte	STABLE	Outlook	March, 2014
		AAA (mex)	National Scale Counterparty - Long term	
		F1+ (mex)	National Scale Counterparty - Short term	
		F1 + (mex)	Depo. Certi. y P.R.L.V. short Term	
		AA+ (mex)	Depo. Certi. y P.R.L.V. long term	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		F1+ (mex)	National Scale - Short term	
		AAA (mex)	National Scale - Long term	
	Arrendadora y Factor Banorte	F1+ (mex)	National Scale Counterparty - Short term	
		AAA (mex)	National Scale Counterparty- Long term	
		F1+ (mex)	National Scale - Unsecured Debt - Short term	
		AAA (mex)	National Scale - Unsecured Debt - Long term	
	Almacenadora Banorte	F1+ (mex)	National Scale Counterparty - Short term	
		AAA (mex)	National Scale Counterparty - Long term	
	Seguros Banorte Generali	STABLE	Outlook	April, 2014
		AAA (mex)	Financial Strenght	
Moody's	Banco Mercantil del Norte	STABLE	Outlook	May, 2014
		Aaa.mx	National Scale - Long term deposits	
		MX-1	National Scale - Short term deposits	
		Aa1.mx	Subordinated debt - Long term	
		Aa2.mx	Junior Subordinated debt - Long term	
	Arrendadora y Factor Banorte	STABLE	Outlook	May, 2014
		Aaa.mx	National Scale - Long term issuer	
		MX-1	National Scale - Short term issuer	
		Aaa.mx	National Scale - Long term senior debt	
		MX-1	National Scale - Short term senior debt	
HR Ratings	Banco Mercantil del Norte	STABLE	Outlook	May, 2014
		HR AAA	Long term debt	
		HR+1	Short term debt	
		HR AA+	Subordinated Debt Preferential	

## INFRASTRUCTURE

INFRASTRUCTURE	3Q13	2Q14	3Q14
<b>Employees (1)</b>	27,304	27,411	<b>27,555</b>
<b>Branches (2)</b>	1,286	1,267	<b>1,267</b>
INB	20	20	20
<b>ATM's</b>	6,749	7,045	<b>7,167</b>
<b>POS's</b>	133,501	151,112	<b>155,929</b>

1. Includes Banking Sector and Afore hired and outsourcing personnel
2. 5 banking modules are considered as branches. Does not include Remote Tellers. Does not include 1 branch in the Cayman Islands.

- At the end of 3Q14, there were 1,267 **branches**, unchanged vs 2Q14. The number of branches decreased by 19 over the past 12 months, a (1%) YoY decrease due to the efficiency program implemented. Total branches include 159 Ixe Banco branches dedicated mainly to the "Preferred" banking segment.
- Over the past 12 months 418 **Automatic Teller Machines** were enabled, a 6% YoY growth, expanding the network to 7,167 ATM's at the close of 3Q14, including 187 ATMs of the Ixe network.
- 22,428 **Point of Sale Terminals** (POS) were enabled during the year, a 17% YoY growth, bringing the number of installed POS to 155,929 at the end of September, of which 29,719 correspond to the Ixe network.
- At the end of 3Q14, there were 5,299 contact points through third party **correspondent agreements** with 7-Eleven (1,803), Telecomm-Telegrafos (1,643), Tiendas Extra (1,112), Soriana (634), Grupo Control with the "Del Sol" and "Woolworth" (73) and NetPay (34) brands.
- **SME Centers.** At the end of September 2014 there were 16 operating offices specializing in this segment, remaining unchanged vs. September 2013.

**GFNORTE'S ANALYST COVERAGE**

In compliance with the BOLSA MEXICANA DE VALORES, S.A.B. DE C.V requirement, the information of Brokers that have analyst coverage to:

TICKER: GFNORTEO

BROKER	ANALYST	RECOMMENDATION	DATE
Barclays	Cristina Marzea	Buy	13-oct-14
BBVA	Ernesto Gabilondo	Buy	15-oct-14
Brasil Plural	Eduardo Nishio	Buy	22-oct-14
BTG Pactual	Eduardo Rosman	Buy	06-oct-14
Burkernroad	Lourdes Palma	Buy	31-jul-13
BX+	Andrés Audiffred	Buy	10-oct-14
Finamex	Rodrigo Ledesma	Buy	08-oct-14
GBM	Lilian Ochoa	Buy	28-jul-14
Intercam	Sofía Robles	Buy	24-jul-14
Invex	Ana Sepulveda	Buy	25-apr-14
Itaú BBA	Regina Sanchez	Buy	02-sep-14
Morgan Stanley	Jorge Kuri	Buy	02-may-14
Santander	Boris Molina	Buy	17-jul-13
Scotiabank	Claudia Benavente	Buy	16-oct-14
UBS	Philip Finch	Buy	19-oct-14
Vector	Rafael Escobar	Buy	11-aug-14
Actinver	Martín Lara	Hold	07-oct-14
BOFA - Merrill Lynch	José Barria	Hold	15-oct-14
Citi	Daniel Abut	Hold	25-jul-14
Deutsche Bank	Tito Labarta	Hold	21-oct-14
Goldman Sachs	Carlos Macedo	Hold	11-sep-14
HSBC	Carlos Gomez	Hold	25-jul-14
Interacciones	Enrique Mendoza	Hold	10-jul-14
JP Morgan	Saul Martinez	Hold	20-oct-14
Monex	Valeria Romo	Hold	14-aug-14
Nau	Iñigo Vega	Hold	01-apr-14
Nomura	Daragh Quinn	Hold	20-oct-14
Credit Suisse	Marcello Telles	Sell	21-oct-14



#### GRUPO FINANCIERO – GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	3Q14
Banco Mercantil del Norte, S.A. (1)	98.22%
Banorte USA (2)	100.00%
Afore XXI Banorte (2)	50.00%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM	99.99%
Almacenadora Banorte, S.A. de C.V.	99.99%
Pensiones Banorte, S.A. de C.V. (3)	99.99%
Seguros Banorte, S.A. de C.V. (3)	99.99%
Casa de Bolsa Banorte Ixe, S.A. de C.V.	99.99%
Operadora de Fondos Banorte Ixe, S.A. de C.V.	99.99%
Ixe Servicios, S.A. de C.V.	99.99%
Sólida Administradora de Portafolios, S.A. de C.V. SOFOM	98.81%

1. Considers as of 3Q14 a 98.22% stake of GFNorte. Since 4Q09 until 1Q13, the stake was 92.72%, reflecting the IFC investment in capital of Banco Mercantil del Norte. In 1Q13 the stake increased to 97.2%, in 2Q13 to 97.50%, in 1Q14 to 97.87% and in 2Q14 to 98.21%.
2. Subsidiary of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 100% of INB Financial Corp.
3. Considers as of 4Q13 a 99.99% stake of GFNorte, derived from the acquisition of the remaining Generali's participation in these companies, formerly the stake was of 51.00%

Holding Company Capital Structure	
Number of Shares (Million)	SERIE O
	As of September 2014
Number of Shares Outstanding	2,773.73
Shares held in the bank's Treasury	0

- Amount of outstanding shares since the Public Offering carried out in July, 2013.

Grupo Financiero Banorte Board of Directors	
PROPRIETARY MEMBERS	
Guillermo Ortiz Martinez	Chairman of the Board
Alejandro Valenzuela del Rio	Related
Juan Antonio Gonzalez Moreno	Related
Carlos Hank Gonzalez*	Patrimonial
David Villareal Montemayor	Proprietary
Miguel Aleman Magnani	Patrimonial
Patricia Armendariz Guerra	Independent
Herminio Blanco Mendoza	Independent
Juan Carlos Braniff Hierro	Independent
Alejandro Burillo Azcarraga	Independent
Alfredo Elias Ayub	Independent
Everardo Elizondo Almaguer	Independent
Armando Garza Sada	Independent
Hector Reyes Retana y Dahl	Independent
Adrian Sada Cueva	Independent
ALTERNATE MEMBERS	
Jesus O. Garza Martinez	Related
Jose Marcos Ramirez Miguel	Related
Juan Antonio Gonzalez Marcos	Patrimonial
Graciela Gonzalez Moreno*	Patrimonial
Jose Maria Garza Treviño	Independent
Lorenzo Lazo Margain	Independent
Roberto Kelleher Vales	Independent
Manuel Aznar Nicolin	Independent
Guillermo Mascareñas Milmo	Independent
Alejandro Orvañanos Alatorre	Independent
Isaac Becker Kabacnik	Independent
Alberto Halabe Hamui	Independent
Ramon A. Leal Chapa	Independent
Julio Cesar Mendez Rubio**	Independent
Eduardo Livas Cantu	Independent

\*Modifications to the Board of Directors approved on the Ordinary General Shareholders' Meeting held last October 22<sup>nd</sup>.

\*\*As of June 10 2014, the resignation of Julio Cesar Mendez Rubio was presented to the CNBV, who as of that date held a position as alternate member of Grupo Financiero Banorte S.A.B. de C.V. and Banco Mercantil del Norte S.A.

<b>Group's Main Officers 3Q14</b>	
<b>NAME</b>	<b>CURRENT POSITION</b>
Alejandro Valenzuela del Rio	Chief Executive Officer, Grupo Financiero Banorte
<b>BUSINESS UNITS</b>	
Marcos Ramirez Miguel	Managing Director – Wholesale Banking & Casa de Bolsa Banorte Ixe
Gabriel Casillas Olvera	Managing Director – Economic Analysis
Luis Ernesto Pietrini Sheridan	Managing Director – Private Banking and Wealth Management
Victor Antonio Roldan Ferrer	Managing Director – Transactional Corporate Banking
Jose Armando Rodal Espinosa	Managing Director – Business & Corporate Banking
Arturo Monroy Ballesteros	Managing Director – Investment Banking & Structured Financing
Jorge de la Vega Grajales	Managing Director – Federal Government Banking
Alejandro Eric Faesi Puente	Managing Director – Markets & Institutional Sales
Gerardo Zamora Nañez	Managing Director – Warehouse, Leasing and Factoring
Ricardo Velazquez Rodriguez	Managing Director – Int. Banking & Financial Institutions & Banorte USA
Carlos Alberto Arciniega Navarro	Managing Director – Treasury
Rene Gerardo Pimentel Ibarrola	Managing Director – Asset Management and Business Development
Carlos Eduardo Martinez Gonzalez	Managing Director – Retail Banking
Manuel Romo Villafuerte	Managing Director –Products
Maria del Socorro Bermudez Ramirez	Managing Director – Preferred Banking
Carlos Javier Zambrano Elizondo	Managing Director – SME Banking
David Alberto Salazar Vite	Managing Director – States and Municipalities Government Banking
Andrés Emmanuel Aymes Ansoleaga	Managing Director - Metropolitan
Fernando Solis Soberon	Managing Director – Long Term Savings
Luis Fernando Orozco Mancera	Chief Credit Officer (CCO)
<b>STAFF</b>	
Rafael Arana de la Garza	Chief Operating Officer (COO)
David Ricardo Suarez Cortazar	Chief Financial Officer (CFO)
Fausto Hernandez Pintado	Chief Strategic Planning and Value Creation Officer
Felipe Duarte Olvera	Managing Director – Client Experience
Mario Alberto Barraza Barron	Managing Director – Asset Recovery
Jose Antonio Murillo Garza	Managing Director – Analytics
Concepcion Gpe. Borjon Shears	Sumando Leader
Federico Santos Cernuda	Managing Director - Legal
Ignacio Aldonza Goicochea	Managing Director – Technology and Operations
Carla Juan Chelala	Managing Director - Marketing
Ayax Carranza Segura	Managing Director - Communications and Institutional Relations
Juan Jesus Viteri Alvarez	Managing Director – Internal Communication
David Aaron Margolin Schabes	Chief Risk Officer
Isaias Velazquez Gonzalez	Managing Director - Internal Audit
Sergio Garcia Robles Gil	Managing Director – Corporate Affairs

## HOLDING

Income Statement-Holding (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	2013	9M14
Income Subsidiaries	3,248	3,409	3,310	3,694	3,646	3,780	3,968	13,661	11,394
Interest Income	16	34	434	(2)	44	22	20	481	87
Interest Expense	35	155	35	2	-	-	-	228	-
Fees & Tariffs	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Trading Income	(29)	-	-	-	-	-	-	(29)	-
Other Operating Income (Expense)	-	-	-	-	1	0	-	-	1
Non Interest Expense	49	25	27	30	27	28	27	132	82
<b>Pre-Tax Income</b>	<b>3,151</b>	<b>3,263</b>	<b>3,681</b>	<b>3,659</b>	<b>3,664</b>	<b>3,774</b>	<b>3,960</b>	<b>13,753</b>	<b>11,399</b>
Income Tax	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(1)	1	(1)	(1)	0	(0)	(118)	(1)	(118)
<b>Taxes</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>	<b>(118)</b>	<b>(1)</b>	<b>(118)</b>
<b>Net Income from Continuous Operations</b>	<b>3,152</b>	<b>3,262</b>	<b>3,682</b>	<b>3,660</b>	<b>3,664</b>	<b>3,774</b>	<b>4,078</b>	<b>13,754</b>	<b>11,517</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>3,152</b>	<b>3,262</b>	<b>3,682</b>	<b>3,660</b>	<b>3,664</b>	<b>3,774</b>	<b>4,078</b>	<b>13,754</b>	<b>11,517</b>

# IV. FINANCIAL STATEMENTS



Holding - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>ASSETS</b>								
Cash and Due from Banks		311	522	10,816	272	305	279	231
Margin Accounts		-	-	-	-	-	-	-
Investment in Securities		-	-	-	-	-	-	-
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net		-	-	11,500	4,900	2,400	2,100	1,300
Securities Lending		-	-	-	-	-	-	-
Transactions with Derivatives		-	388	-	-	-	-	-
Operations w/Derivatives & Securities		-	388	11,500	4,900	2,400	2,100	1,300
Valuation adjustments for Asset Coverage		-	-	-	-	-	-	-
Performing Loans		-	-	-	-	-	-	-
Past Due Loans		-	-	-	-	-	-	-
Gross Loan Portfolio		-	-	-	-	-	-	-
Preventive Loan Loss Reserves		-	-	-	-	-	-	-
Net Loan Portfolio		-	-	-	-	-	-	-
Acquired Collection Rights		-	-	-	-	-	-	-
Total Credit Portfolio		-	-	-	-	-	-	-
Benef.receiveab.securization transactions		-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net		12	13	34	46	54	58	62
Inventories		-	-	-	-	-	-	-
Foreclosed Assets, Net		-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net		-	-	-	-	-	-	-
Investment in Subsidiaries		84,240	80,310	82,911	88,587	95,903	100,536	104,631
Long-term assets held for sale		-	-	-	-	-	-	-
Deferred Taxes, Net		3	2	3	4	4	4	122
Goodwill and Intangibles		10,999	10,980	10,955	10,930	10,909	10,886	10,863
Other Assets Short and Long Term		-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-
		95,255	91,305	93,903	99,567	106,870	111,483	115,677
<b>TOTAL ASSETS</b>		<b>95,566</b>	<b>92,216</b>	<b>116,219</b>	<b>104,739</b>	<b>109,575</b>	<b>113,863</b>	<b>117,209</b>

## IV. FINANCIAL STATEMENTS



<b>Holding - Balance Sheet</b>		<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>
<i>(Million Pesos)</i>								
<b>LIABILITIES</b>								
<b>Deposits</b>	-	-	-	-	-	-	-	-
<b>Due to Banks &amp; Correspondents</b>	9,901	10,435	-	-	-	-	-	-
<b>Total Collateral sold</b>	-	-	-	-	-	-	-	-
<b>Total Operations w/ Derivatives &amp; Securities</b>	125	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	3,189	0	0	1	0	0	-	-
Subordinated Non Convertible Debt	-	-	-	-	-	-	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>13,215</b>	<b>10,435</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>
<b>EQUITY</b>		-	-	-	-	-	-	-
Paid-in Capital	13,098	13,098	14,664	14,664	14,664	14,664	14,664	14,664
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	18,847	18,922	48,556	35,257	35,500	35,797	35,815	-
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>31,945</b>	<b>32,019</b>	<b>63,219</b>	<b>49,921</b>	<b>50,163</b>	<b>50,460</b>	<b>50,479</b>	
Capital Reserves	3,399	3,399	5,811	5,811	5,811	7,014	7,014	-
Retained Earnings	45,852	41,554	38,713	37,080	50,846	49,628	49,105	-
Surplus (Deficit) of Secs Available for Sale	1,881	745	828	674	734	833	541	-
Results from Valuation of Hedging Secs	(2,966)	(1,554)	(1,677)	(1,420)	(734)	(594)	(709)	-
Results from Conversions	(912)	(796)	(771)	(1,083)	(909)	(916)	(737)	-
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	3,152	6,413	10,095	13,754	3,664	7,438	11,517	-
<b>Earned Capital</b>	<b>50,406</b>	<b>49,761</b>	<b>52,999</b>	<b>54,817</b>	<b>59,411</b>	<b>63,403</b>	<b>66,730</b>	
Minority Interest	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>82,351</b>	<b>81,780</b>	<b>116,219</b>	<b>104,737</b>	<b>109,575</b>	<b>113,863</b>	<b>117,209</b>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>95,566</b>	<b>92,216</b>	<b>116,219</b>	<b>104,739</b>	<b>109,575</b>	<b>113,863</b>	<b>117,209</b>	

<b>Holding - Memorandum Accounts</b>		<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>
<i>(Million Pesos)</i>								
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	-	-	-	-	-	-	-	-
Properties in Custody or Administration	3,716	3,716	3,716	3,716	3,716	3,716	3,716	3,716
<b>Proprietary Transactions</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>
<b>TOTAL PROPRIETARY</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>	<b>3,716</b>

## GRUPO FINANCIERO BANORTE

Income Statement -GFNorte (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	2013	9M14
Interest Income	17,297	16,876	17,472	17,783	17,835	16,985	17,009	69,428	51,830
Interest Expense	8,091	7,856	7,768	7,363	7,213	7,256	6,428	31,079	20,896
Charged Fees	328	495	311	429	338	325	441	1,564	1,104
Fees Paid	83	125	86	84	85	95	100	377	280
<b>Net Interest Income from interest &amp; fees (Nil)</b>	<b>9,451</b>	<b>9,390</b>	<b>9,930</b>	<b>10,765</b>	<b>10,875</b>	<b>9,960</b>	<b>10,923</b>	<b>39,535</b>	<b>31,758</b>
Premium Income (Net)	4,971	4,857	4,053	4,145	4,971	3,914	4,507	18,026	13,392
Net Increase in Technical Reserves	3,033	2,516	1,740	2,397	3,109	1,021	2,119	9,686	6,249
Damages, Claims and Other Obligations	2,235	2,376	2,447	2,081	2,385	2,425	2,436	9,138	7,247
<b>Net Interest Income (Nil)</b>	<b>9,155</b>	<b>9,355</b>	<b>9,796</b>	<b>10,432</b>	<b>10,352</b>	<b>10,428</b>	<b>10,875</b>	<b>38,738</b>	<b>31,654</b>
Preventive Provisions for Loan Losses	2,073	3,132	1,903	1,833	2,380	2,851	3,253	8,942	8,483
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>7,082</b>	<b>6,223</b>	<b>7,892</b>	<b>8,599</b>	<b>7,972</b>	<b>7,577</b>	<b>7,622</b>	<b>29,796</b>	<b>23,171</b>
Fees for Commercial and Mortgage Loans	2	2	5	3	3	2	2	11	7
Fund Transfers	119	128	131	155	146	158	161	533	465
Account Management Fees	313	334	348	375	351	374	378	1,371	1,102
Fiduciary	78	100	90	95	82	101	83	362	266
Other Fees	752	627	611	632	635	594	660	2,622	1,889
Income from Real Estate Portfolios	238	303	126	145	40	57	51	811	149
Electronic Banking Services	885	961	1,011	1,076	1,034	1,085	1,126	3,934	3,245
For Consumer and Credit Card Loans	510	574	592	685	676	667	705	2,361	2,048
<b>Fees Charged on Services</b>	<b>2,897</b>	<b>3,029</b>	<b>2,914</b>	<b>3,167</b>	<b>2,967</b>	<b>3,037</b>	<b>3,167</b>	<b>12,006</b>	<b>9,171</b>
Fund transfers	15	13	10	11	13	13	8	50	35
Other Fees	935	858	958	1,116	972	990	1,075	3,867	3,037
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>951</b>	<b>871</b>	<b>968</b>	<b>1,127</b>	<b>986</b>	<b>1,003</b>	<b>1,083</b>	<b>3,917</b>	<b>3,072</b>
Foreign Exchange	451	(91)	208	317	343	280	226	885	849
Securities-Realized Gains	688	1,049	659	330	481	677	823	2,726	1,981
Securities-Unrealized Gains	452	(189)	(389)	(70)	292	606	317	(197)	1,215
<b>Trading Income</b>	<b>1,590</b>	<b>769</b>	<b>478</b>	<b>577</b>	<b>1,116</b>	<b>1,563</b>	<b>1,366</b>	<b>3,414</b>	<b>4,045</b>
Loan Recoveries	276	488	274	346	241	225	226	1,384	692
Income from foreclosed assets	(50)	(46)	(51)	2	(100)	(68)	(16)	(145)	(185)
Other Operating Income	67	3	26	39	129	116	76	135	322
Other Operating Expense	(58)	(39)	(57)	(70)	(77)	(16)	(48)	(223)	(142)
Other Products	448	716	1,084	740	761	712	1,458	2,988	2,931
Other Recoveries	812	201	188	111	318	193	277	1,312	789
Other Operating Expense	(552)	(530)	(880)	(950)	(781)	(669)	(1,072)	(2,912)	(2,521)
Other Operating Income (Expense) from Insurance and Annuities	172	197	170	146	183	150	155	685	487
<b>Total Other Operating Income (Expense)</b>	<b>1,116</b>	<b>990</b>	<b>754</b>	<b>364</b>	<b>673</b>	<b>643</b>	<b>1,057</b>	<b>3,223</b>	<b>2,373</b>
<b>Total Non Interest Income</b>	<b>4,653</b>	<b>3,916</b>	<b>3,177</b>	<b>2,981</b>	<b>3,770</b>	<b>4,241</b>	<b>4,506</b>	<b>14,727</b>	<b>12,517</b>
<b>Total Operating Income</b>	<b>11,734</b>	<b>10,139</b>	<b>11,070</b>	<b>11,580</b>	<b>11,742</b>	<b>11,818</b>	<b>12,128</b>	<b>44,523</b>	<b>35,689</b>
Personnel	4,009	3,080	2,916	3,073	3,074	3,029	2,829	13,077	8,932
Employee Profit Sharing (PTU)	84	79	79	82	103	101	101	324	304
Professional Fees	616	678	605	867	645	693	762	2,767	2,100
Administrative and Promotional Expenses	1,055	1,168	1,323	1,328	1,249	1,397	1,434	4,874	4,080
Rents, Depreciation & Amortization	787	818	820	794	848	913	928	3,219	2,690
Taxes other than income tax & non deductible expenses	443	431	395	457	467	314	356	1,726	1,136
Contributions to IPAB/Fobaproa	440	433	474	484	459	466	474	1,831	1,399
<b>Total Non Interest Expense</b>	<b>7,434</b>	<b>6,687</b>	<b>6,613</b>	<b>7,084</b>	<b>6,845</b>	<b>6,913</b>	<b>6,884</b>	<b>27,819</b>	<b>20,642</b>
<b>Operating Income</b>	<b>4,300</b>	<b>3,452</b>	<b>4,457</b>	<b>4,496</b>	<b>4,897</b>	<b>4,906</b>	<b>5,244</b>	<b>16,704</b>	<b>15,047</b>
Subsidiaries' Net Income	351	162	342	275	293	349	248	1,130	891
<b>Pre-Tax Income</b>	<b>4,651</b>	<b>3,614</b>	<b>4,798</b>	<b>4,771</b>	<b>5,190</b>	<b>5,255</b>	<b>5,492</b>	<b>17,834</b>	<b>15,938</b>
Income Tax	1,303	385	1,209	774	2,108	1,908	2,408	3,671	6,423
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(73)	(218)	(125)	301	(608)	(448)	(1,011)	(115)	(2,067)
<b>Taxes</b>	<b>1,230</b>	<b>167</b>	<b>1,084</b>	<b>1,075</b>	<b>1,500</b>	<b>1,460</b>	<b>1,397</b>	<b>3,555</b>	<b>4,356</b>
<b>Net Income from Continuous Operations</b>	<b>3,421</b>	<b>3,447</b>	<b>3,715</b>	<b>3,696</b>	<b>3,691</b>	<b>3,795</b>	<b>4,095</b>	<b>14,279</b>	<b>11,581</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	(281)	(227)	(189)	(74)	(63)	(56)	(54)	(771)	(173)
<b>Net Income</b>	<b>3,140</b>	<b>3,220</b>	<b>3,526</b>	<b>3,622</b>	<b>3,628</b>	<b>3,739</b>	<b>4,042</b>	<b>13,508</b>	<b>11,409</b>



## IV. FINANCIAL STATEMENTS



GFNorte - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>ASSETS</b>								
Cash and Due from Banks		59,429	54,906	68,888	61,978	70,120	72,074	70,541
Margin Accounts		337	105	59	59	74	100	72
Negotiable Instruments		191,562	168,398	180,406	232,926	247,302	240,754	234,133
Securities Available for Sale		78,888	114,380	116,685	85,031	83,281	78,144	92,465
Securities Held to Maturity		106,972	95,700	94,021	96,730	92,839	88,571	86,860
Investment in Securities		377,423	378,477	391,112	414,687	423,422	407,470	413,459
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net		5,008	62	29	202	378	51	8
Securities Lending		-	-	-	-	-	-	-
For trading purposes		20,782	16,139	17,675	14,799	14,050	17,786	15,106
For hedging purposes		125	420	37	55	76	371	246
Operations w/Derivatives & Securities		-	-	-	-	-	-	-
Transactions with Derivatives		20,906	16,559	17,712	14,854	14,126	18,157	15,351
Operations w/Derivatives & Securities		25,915	16,620	17,741	15,056	14,504	18,208	15,360
Valuation adjustments for Asset Coverage		170	166	162	158	154	150	147
Commercial Loans		183,509	186,320	183,344	184,624	182,202	182,992	182,257
Financial Intermediaries' Loans		8,830	5,575	5,268	4,863	3,419	3,825	3,624
Consumer Loans		48,317	51,843	55,382	57,883	60,153	62,542	67,065
Mortgage Loans		74,355	77,348	79,421	82,033	83,153	85,040	87,003
Government Entities' Loans		89,583	90,695	90,524	95,636	98,625	100,344	104,995
Loans granted as Federal Agent		-	-	-	-	-	-	-
Performing Loans		404,594	411,782	413,939	425,038	427,553	434,743	444,944
Commercial PDL's		6,125	6,206	10,813	10,473	9,989	10,442	11,377
Financial Intermediaries PDL's		4	4	27	0	0	1	1
Consumer PDL's		1,643	1,890	1,997	2,093	2,058	2,416	2,371
Mortgage PDL's		818	921	1,013	1,087	1,101	1,153	1,202
Government Entities PDL's		41	53	15	2	1	1	-
Past Due Loans		8,631	9,075	13,865	13,655	13,151	14,012	14,951
Gross Loan Portfolio		413,224	420,857	427,804	438,693	440,704	448,754	459,896
Preventive Loan Loss Reserves		11,863	14,321	14,651	14,289	13,909	14,642	15,550
Net Loan Portfolio		401,362	406,536	413,153	424,404	426,794	434,113	444,345
Acquired Collection Rights		2,979	3,507	3,330	3,522	3,273	3,137	3,050
Total Credit Portfolio		404,341	410,043	416,483	427,925	430,067	437,249	447,395
Account Receivables from Insurance and Annuities		958	1,033	1,151	1,281	1,385	1,713	2,200
Premium Debtors (Net)		4,640	4,774	3,601	3,047	4,695	5,668	3,535
Account Receivables from Reinsurance		3,058	3,411	4,037	3,563	3,367	4,856	5,431
Benef.receiveab.securization transactions		795	795	836	738	729	789	691
Sundry Debtors & Other Accs Rec, Net		25,265	36,000	32,180	21,703	37,448	28,175	31,268
Inventories		390	614	568	477	442	657	459
Foreclosed Assets, Net		2,704	2,573	2,532	2,781	2,611	2,670	2,546
Real Estate, Furniture & Equipment, Net		11,568	11,707	11,638	12,033	12,277	12,253	12,320
Investment in Subsidiaries		13,448	13,568	13,913	14,205	14,510	13,731	13,982
Long-term assets held for sale		-	-	-	-	-	-	-
Deferred Taxes, Net		-	49	168	-	436	885	1,845
Goodwill and Intangibles		20,380	21,198	21,734	22,366	21,893	22,740	23,030
Other Assets Short and Long Term		4,623	4,194	4,367	4,729	4,399	4,391	4,361
Other Assets		-	-	-	-	-	-	-
		87,828	99,914	96,726	86,924	104,192	98,529	101,668
<b>TOTAL ASSETS</b>		<b>955,442</b>	<b>960,232</b>	<b>991,171</b>	<b>1,006,788</b>	<b>1,042,534</b>	<b>1,033,781</b>	<b>1,048,642</b>

# IV. FINANCIAL STATEMENTS



GFNorte - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>LIABILITIES</b>								
Demand Deposits		204,537	216,882	225,712	254,219	252,652	263,672	276,545
Time Deposits-Retail		182,128	189,071	184,405	179,146	186,461	179,225	180,569
Time Deposits-Money Market		23,490	12,752	14,485	4,971	10,745	2,805	1,518
Special Funds		-	-	-	-	-	-	-
Senior Unsecured Debt		4,743	5,389	5,764	5,405	5,482	5,115	5,011
<b>Deposits</b>		<b>414,898</b>	<b>424,095</b>	<b>430,366</b>	<b>443,740</b>	<b>455,340</b>	<b>450,817</b>	<b>463,644</b>
Immediate Redemption Loans		1,460	0	2,562	2,974	0	7,809	0
Short Term Loans		37,684	29,330	18,597	19,406	18,942	19,137	18,155
Long Term Loans		7,134	8,005	7,451	7,679	7,382	7,585	9,077
<b>Due to Banks &amp; Correspondents</b>		<b>46,278</b>	<b>37,336</b>	<b>28,611</b>	<b>30,060</b>	<b>26,324</b>	<b>34,531</b>	<b>27,232</b>
Technical Reserves		55,096	58,017	60,556	62,207	65,182	67,970	70,256
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net		277,118	279,734	278,427	304,021	317,580	292,593	296,061
Secs to be received in Repo Trans, Net		-	-	-	-	-	-	-
Repos (Credit Balance)		65	64	39	8	32	0	7
Securities' Loans		-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-
Other sold collateral		-	-	-	-	-	-	-
<b>Total Collateral sold</b>		<b>65</b>	<b>64</b>	<b>39</b>	<b>8</b>	<b>32</b>	<b>0</b>	<b>7</b>
For trading purposes		19,927	15,427	17,451	14,827	14,140	17,704	15,201
For hedging purposes		4,371	3,625	3,769	3,500	3,583	3,071	3,041
Operations w/ Derivatives & Securities		-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>24,298</b>	<b>19,051</b>	<b>21,220</b>	<b>18,327</b>	<b>17,723</b>	<b>20,775</b>	<b>18,242</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>		<b>301,481</b>	<b>298,849</b>	<b>299,686</b>	<b>322,356</b>	<b>335,335</b>	<b>313,368</b>	<b>314,310</b>
Valuation adjustments for financial liability coverage		-	-	-	-	-	-	-
Obligations in securitization transactions		-	0	0	0	0	0	0
Payable Accounts for Reinsurance		1,315	1,223	785	759	1,054	2,449	796
Income Tax Payable		1,695	521	852	794	1,917	2,816	4,547
Profit Sharing Payable		361	419	495	339	130	206	304
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-
Creditors for settlement of transactions		6,792	15,762	12,422	4,282	9,931	10,678	12,357
Margin Accounts Payable		-	-	-	-	-	-	-
Other Creditors & Accounts Payable		16,366	14,069	14,333	12,936	13,502	15,510	16,168
<b>Other Payable Accounts</b>		<b>25,215</b>	<b>30,771</b>	<b>28,102</b>	<b>18,351</b>	<b>25,480</b>	<b>29,210</b>	<b>33,375</b>
Subordinated Non Convertible Debt		19,258	19,510	18,046	18,001	18,083	15,788	16,021
Deferred Taxes, Net		770	-	-	200	-	-	-
Deferred Credits		2,579	2,473	2,509	2,423	2,511	2,412	2,389
<b>TOTAL LIABILITIES</b>		<b>866,890</b>	<b>872,274</b>	<b>868,661</b>	<b>898,097</b>	<b>929,310</b>	<b>916,544</b>	<b>928,026</b>
<b>EQUITY</b>								
Paid-in Capital		13,087	13,086	14,651	14,652	14,647	14,647	14,647
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-
Share Subscription Premiums		18,756	18,793	48,518	35,219	35,349	35,664	35,682
Subordinated Convertible Debentures		-	-	-	-	-	-	-
<b>Subscribed Capital</b>		<b>31,843</b>	<b>31,879</b>	<b>63,169</b>	<b>49,870</b>	<b>49,995</b>	<b>50,311</b>	<b>50,330</b>
Capital Reserves		3,399	3,399	5,811	5,811	5,811	7,014	7,014
Retained Earnings		48,075	43,777	40,936	39,303	52,823	51,605	51,082
Surplus (Deficit) of Secs Available for Sale		1,824	754	849	667	732	808	554
Results from Valuation of Hedging Secs		(2,966)	(1,554)	(1,677)	(1,420)	(734)	(594)	(709)
Results from Conversions		(912)	(796)	(771)	(1,083)	(909)	(916)	(737)
Surplus (Deficit) in Capital Restatement		-	-	-	-	-	-	-
Adjustments in the Employee's Pensions		-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes		-	-	-	-	-	-	-
Net Income		3,140	6,360	9,886	13,508	3,628	7,367	11,409
<b>Earned Capital</b>		<b>52,559</b>	<b>51,941</b>	<b>55,034</b>	<b>56,787</b>	<b>61,350</b>	<b>65,284</b>	<b>68,611</b>
Minority Interest		4,151	4,138	4,307	2,034	1,878	1,642	1,675
<b>Total Equity</b>		<b>88,553</b>	<b>87,957</b>	<b>122,511</b>	<b>108,691</b>	<b>113,224</b>	<b>117,237</b>	<b>120,616</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>955,442</b>	<b>960,232</b>	<b>991,171</b>	<b>1,006,788</b>	<b>1,042,534</b>	<b>1,033,781</b>	<b>1,048,642</b>

## IV. FINANCIAL STATEMENTS

GFNorte - Memorandum Accounts (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>On behalf of Third Parties</b>							
Customer's Banks	101	205	356	24	264	117	39
Dividends Receivable from Customers	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-
Settlement of Customer Transactions	(53)	(237)	(6)	(30)	(193)	(123)	(28)
Customer Premiums	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-
<b>Customers' Current Account</b>	<b>48</b>	<b>(32)</b>	<b>350</b>	<b>(7)</b>	<b>71</b>	<b>(7)</b>	<b>12</b>
Client Securities Received in Custody	592,696	576,715	567,449	536,300	546,591	592,850	625,248
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-
<b>Clients' Securities</b>	<b>592,696</b>	<b>576,715</b>	<b>567,449</b>	<b>536,300</b>	<b>546,591</b>	<b>592,850</b>	<b>625,248</b>
Clients' Repurchase Operations	57,804	73,572	85,849	112,839	77,927	52,824	59,524
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	48,913	71,996	84,504	111,486	76,581	51,573	58,283
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-	-	-
Trusts under Administration	403	361	340	254	64,280	72,413	75,847
<b>Transactions On Behalf of Clients</b>	<b>107,119</b>	<b>145,929</b>	<b>170,693</b>	<b>224,579</b>	<b>218,788</b>	<b>176,810</b>	<b>193,655</b>
<b>Investment bank Trans on Behalf of Third (Net)</b>	<b>67,162</b>	<b>71,223</b>	<b>93,475</b>	<b>83,171</b>	<b>85,548</b>	<b>99,955</b>	<b>94,013</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>767,026</b>	<b>793,835</b>	<b>831,967</b>	<b>844,043</b>	<b>850,998</b>	<b>869,609</b>	<b>912,928</b>
<b>Endorsement Guarantees Granted</b>	-	-	-	-	-	-	-
Loan Obligations	39,566	35,435	34,588	28,110	28,616	31,840	29,682
Trusts	346,701	318,844	264,235	194,018	167,885	187,006	205,556
Mandates	2,140	1,713	10,806	11,043	10,090	8,957	9,031
<b>Properties in Trusts and Warrant</b>	<b>348,841</b>	<b>320,557</b>	<b>275,042</b>	<b>205,061</b>	<b>177,975</b>	<b>195,963</b>	<b>214,587</b>
Properties in Custody or Administration	430,381	443,462	477,773	451,582	484,554	489,633	438,328
Collateral Received	136,279	92,754	87,133	143,033	147,461	154,390	110,293
Collateral Received or sold or delivered	140,700	123,678	129,104	203,074	171,305	153,445	115,920
Drafts in Transit	-	-	-	-	-	-	-
Deposits of assets	2,630	2,531	2,045	2,816	2,404	2,083	1,633
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-
Contingent Assets & Liabilities	255	255	255	-	-	0	0
Uncollected Accrued Interest from Past Due Loans	362	368	391	392	421	454	495
Investments of Retirement Savings Funds	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>1,099,015</b>	<b>1,019,040</b>	<b>1,006,331</b>	<b>1,034,067</b>	<b>1,012,734</b>	<b>1,027,808</b>	<b>910,938</b>
Repo Securities to be Received	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>1,099,015</b>	<b>1,019,040</b>	<b>1,006,331</b>	<b>1,034,067</b>	<b>1,012,734</b>	<b>1,027,808</b>	<b>910,938</b>

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW	
JANUARY 1, 2014 – SEPTEMBER 30, 2014	
(Million Pesos)	
<b>Net Income</b>	<b>11,409</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	923
Technical Reserves	6,249
Provisions	4,347
Income taxes and deferred	4,356
Minority Interest	(718)
	<b>15,157</b>
	<b>26,566</b>
<b>Change in items related to operations:</b>	
Change in Margin Accounts	(14)
Change in Investment in Securities	1,606
Change in repo debtors	194
Change in derivatives (assets)	(295)
Change in Loan Portfolio (net)	(19,645)
Change in purchased receivables (net)	472
Change in accounts receivable insurance and bonding institutions (net)	(919)
Change in debtor premiums	(488)
Change in Reinsurance	(1,868)
Change in benefits to receive from securitizations	47
Change in foreclosed assets (net)	238
Change in other operating assets (net)	(9,135)
Change in core deposits	19,419
Change in interbank loans and other entities	(2,829)
Change in repo creditors	(7,960)
Change in collateral pledged sold	(2)
Change in derivatives (liability)	375
Change in Technical Reserves (net)	1,800
Change in Reinsurance (net) (liability)	37
Change in subordinated debt with characteristics of liabilities	(1,987)
Change in other operating liabilities	6,872
Change in hedging instruments (the related hedged transaction activities)	(650)
Income Tax Collection (refunds)	0
Income Tax Payments	(2,646)
<b>Net cash generated or used from operations</b>	<b>9,188</b>
<b>Investment Activities:</b>	
Charges for disposal of property, furniture and equipment	1,546
Payments for acquisition of property, furniture and equipment	(2,741)
Subsidiaries and associated acquisitions charges	0
Subsidiaries and associated acquisitions payment	0
Charges for other investments	0
Payments for other investments	0
Charges for cash dividends	1,134
<b>Net cash generated or used from investment activities</b>	<b>(61)</b>
<b>Financing Activities:</b>	
Payments for issued shares	0
Payments of cash dividends	(544)
Payments associated with the repurchase of proprietary shares	(78)
<b>Net cash flows from financing activities</b>	<b>(622)</b>
<b>Net Cash Increase (decrease)</b>	<b>8,505</b>
<b>Effects for changes in cash and equivalents value</b>	<b>58</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>61,978</b>
<b>Cash and cash equivalents at end of period</b>	<b>70,541</b>

## IV. FINANCIAL STATEMENTS



GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY										
JANUARY 1, 2014 – SEPTEMBER 30, 2014										
(Million Pesos)										
	CONTRIBUTED CAPITAL		EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2013	14,652	35,219	5,811	39,303	667	(1,420)	(1,083)	13,508	2,034	108,691
<b>Changes stemming from stockholders' decisions</b>										
Stock repurchases	(5)	(93)		1	19					(78)
Capitalization of profits				13,508				(13,508)		0
Creation of reserves on behalf of the Annual Ordinary General Shareholders' Meeting held on April 25, 2014.			314	(314)						0
Creation of reserves for stock repurchase			889	(889)						0
Dividends declared by the Ordinary General Shareholders' Meeting held on October 14, 2013 and paid on July 23, 2014				(544)						(544)
<b>Changes stemming from profits</b>										
Net Income								11,409		11,409
Result from valuation of securities available for sale					(132)					(132)
Effect of subsidiaries, associates and mutual funds		556		17			346			919
Result from valuation of instruments of cash flow hedges						710				710
<b>Total</b>	<b>0</b>	<b>556</b>	<b>0</b>	<b>17</b>	<b>(132)</b>	<b>710</b>	<b>346</b>	<b>11,409</b>	<b>0</b>	<b>12,906</b>
Recognition of minority interest									(359)	(359)
Balance as of September 30, 2014	14,647	35,682	7,014	51,082	554	(710)	(737)	11,409	1,675	120,616

## BANKING SECTOR

Income Statement -Banking Sector									
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	2013	9M14
(Million Pesos)									
Interest Income	13,793	13,961	14,018	13,848	14,005	14,276	13,867	55,619	42,148
Interest Expense	5,933	5,508	5,540	5,140	5,225	5,229	4,641	22,120	15,095
Charged Fees	319	504	311	429	338	325	441	1,564	1,104
Fees Paid	83	125	86	84	85	95	99	377	279
<b>Net Interest Income (Nil)</b>	<b>8,096</b>	<b>8,833</b>	<b>8,704</b>	<b>9,053</b>	<b>9,033</b>	<b>9,277</b>	<b>9,567</b>	<b>34,685</b>	<b>27,878</b>
Preventive Provisions for Loan Losses	2,026	3,005	1,957	1,800	2,369	2,826	3,208	8,788	8,403
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>6,070</b>	<b>5,828</b>	<b>6,746</b>	<b>7,253</b>	<b>6,664</b>	<b>6,451</b>	<b>6,359</b>	<b>25,897</b>	<b>19,474</b>
Fees for Commercial and Mortgage Loans	2	2	5	3	3	2	2	11	7
Fund Transfers	119	128	131	155	146	158	161	533	465
Account Management Fees	313	334	348	375	351	374	378	1,371	1,102
Fiduciary	74	96	87	93	81	100	83	351	264
Other Fees	584	461	437	433	430	398	423	1,915	1,252
Income from Real Estate Portfolios	238	(190)	16	25	6	5	18	88	29
Electronic Banking Services	885	961	1,011	1,076	1,034	1,085	1,126	3,934	3,245
For Consumer and Credit Card Loans	510	574	592	685	676	667	705	2,361	2,048
<b>Fees Charged on Services</b>	<b>2,725</b>	<b>2,367</b>	<b>2,627</b>	<b>2,846</b>	<b>2,726</b>	<b>2,789</b>	<b>2,896</b>	<b>10,565</b>	<b>8,412</b>
Fund transfers	15	13	10	11	13	13	8	50	35
Other Fees	666	684	728	768	710	744	764	2,847	2,219
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>681</b>	<b>697</b>	<b>738</b>	<b>780</b>	<b>724</b>	<b>758</b>	<b>772</b>	<b>2,897</b>	<b>2,254</b>
Foreign Exchange	451	(89)	210	322	342	283	229	893	854
Securities-Realized Gains	464	821	661	343	436	536	664	2,289	1,635
Securities-Unrealized Gains	395	(118)	(367)	(70)	270	536	191	(161)	997
<b>Trading Income</b>	<b>1,310</b>	<b>613</b>	<b>503</b>	<b>595</b>	<b>1,048</b>	<b>1,355</b>	<b>1,083</b>	<b>3,021</b>	<b>3,487</b>
Loan Recoveries	265	499	274	346	241	225	226	1,384	692
Income from foreclosed assets	(47)	(73)	(55)	(17)	(107)	(81)	(26)	(192)	(214)
Other Operating Income	59	3	26	39	89	116	76	127	281
Other Operating Expense	(51)	(35)	(48)	(45)	(65)	(3)	(36)	(180)	(104)
Other Products	139	445	284	410	199	363	667	1,278	1,229
Other Recoveries	811	(39)	158	98	270	76	204	1,029	550
Other Operating Expense	(230)	(274)	(87)	(231)	(221)	(225)	(218)	(821)	(664)
<b>Total Other Operating Income (Expense)</b>	<b>947</b>	<b>525</b>	<b>551</b>	<b>600</b>	<b>406</b>	<b>470</b>	<b>894</b>	<b>2,624</b>	<b>1,771</b>
<b>Total Non Interest Income</b>	<b>4,300</b>	<b>2,808</b>	<b>2,943</b>	<b>3,262</b>	<b>3,457</b>	<b>3,857</b>	<b>4,102</b>	<b>13,313</b>	<b>11,415</b>
<b>Total Operating Income</b>	<b>10,370</b>	<b>8,636</b>	<b>9,689</b>	<b>10,515</b>	<b>10,121</b>	<b>10,308</b>	<b>10,461</b>	<b>39,210</b>	<b>30,889</b>
Personnel	3,900	2,924	2,813	2,933	2,950	2,884	2,695	12,569	8,529
Employee Profit Sharing (PTU)	83	79	78	82	99	101	99	323	299
Professional Fees	529	563	530	744	548	605	669	2,365	1,821
Administrative and Promotional Expenses	825	1,025	1,145	1,234	1,108	1,222	1,277	4,230	3,607
Rents, Depreciation & Amortization	731	765	768	729	789	853	859	2,992	2,502
Taxes other than income tax & non deductible expenses	392	360	329	374	420	270	303	1,456	993
Contributions to IPAB/Fobaproa	440	433	474	484	459	466	474	1,831	1,399
<b>Total Non Interest Expense</b>	<b>6,899</b>	<b>6,150</b>	<b>6,137</b>	<b>6,579</b>	<b>6,374</b>	<b>6,401</b>	<b>6,376</b>	<b>25,766</b>	<b>19,150</b>
<b>Operating Income</b>	<b>3,471</b>	<b>2,486</b>	<b>3,552</b>	<b>3,936</b>	<b>3,747</b>	<b>3,907</b>	<b>4,086</b>	<b>13,444</b>	<b>11,739</b>
Subsidiaries' Net Income	348	472	337	282	293	349	258	1,439	900
<b>Pre-Tax Income</b>	<b>3,819</b>	<b>2,957</b>	<b>3,889</b>	<b>4,218</b>	<b>4,040</b>	<b>4,255</b>	<b>4,344</b>	<b>14,883</b>	<b>12,639</b>
Income Tax	1,070	147	1,056	549	1,782	1,625	2,098	2,822	5,504
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(89)	(237)	(105)	370	(573)	(445)	(800)	(61)	(1,817)
<b>Taxes</b>	<b>982</b>	<b>(90)</b>	<b>951</b>	<b>919</b>	<b>1,209</b>	<b>1,180</b>	<b>1,298</b>	<b>2,761</b>	<b>3,687</b>
<b>Net Income from Continuous Operations</b>	<b>2,838</b>	<b>3,048</b>	<b>2,938</b>	<b>3,299</b>	<b>2,831</b>	<b>3,075</b>	<b>3,046</b>	<b>12,122</b>	<b>8,952</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>Net Income</b>	<b>2,838</b>	<b>3,048</b>	<b>2,938</b>	<b>3,299</b>	<b>2,831</b>	<b>3,075</b>	<b>3,046</b>	<b>12,122</b>	<b>8,952</b>

## IV. FINANCIAL STATEMENTS



Banking Sector - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>ASSETS</b>								
Cash and Due from Banks		59,583	54,921	68,824	61,967	70,174	71,828	70,371
Margin Accounts		337	105	59	59	74	100	72
Negotiable Instruments		139,529	131,459	134,333	136,344	184,013	194,110	193,774
Securities Available for Sale		77,562	75,331	74,693	66,715	70,293	67,782	69,116
Securities Held to Maturity		47,080	40,340	36,135	35,926	30,711	24,676	21,069
<b>Investment in Securities</b>		<b>264,170</b>	<b>247,130</b>	<b>245,161</b>	<b>238,986</b>	<b>285,017</b>	<b>286,567</b>	<b>283,959</b>
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net		5,072	62	29	2	0	51	8
Securities Lending		-	-	-	-	-	-	-
For trading purposes		20,782	16,139	17,675	14,799	14,050	17,786	15,106
For hedging purposes		125	31	37	55	76	371	246
Operations w/Derivatives & Securities		-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>20,906</b>	<b>16,170</b>	<b>17,712</b>	<b>14,854</b>	<b>14,126</b>	<b>18,157</b>	<b>15,351</b>
<b>Operations w/Derivatives &amp; Securities</b>		<b>25,978</b>	<b>16,232</b>	<b>17,741</b>	<b>14,856</b>	<b>14,127</b>	<b>18,208</b>	<b>15,360</b>
<b>Valuation adjustments for Asset Coverage</b>		<b>170</b>	<b>166</b>	<b>162</b>	<b>158</b>	<b>154</b>	<b>150</b>	<b>147</b>
Commercial Loans		165,639	170,052	167,683	169,150	165,956	165,932	165,798
Financial Intermediaries' Loans		16,176	17,329	16,888	17,354	15,174	15,575	17,700
Consumer Loans		48,259	51,788	55,330	57,833	60,106	62,499	62,960
Mortgage Loans		74,007	77,323	79,396	82,008	83,130	85,017	86,980
Government Entities' Loans		87,583	88,824	88,244	93,484	96,925	98,238	103,144
Loans granted as Federal Agent		-	-	-	-	-	-	-
<b>Performing Loans</b>		<b>391,664</b>	<b>405,317</b>	<b>407,542</b>	<b>419,830</b>	<b>421,290</b>	<b>427,260</b>	<b>436,582</b>
Commercial PDL's		4,776	5,833	10,396	10,082	9,587	10,036	11,017
Financial Intermediaries PDL's		-	0	24	0	0	1	1
Consumer PDL's		1,649	1,896	2,003	2,098	2,063	2,420	2,375
Mortgage PDL's		817	973	1,064	1,137	1,151	1,202	1,250
Government Entities PDL's		-	-	-	-	-	-	-
<b>Past Due Loans</b>		<b>7,242</b>	<b>8,701</b>	<b>13,487</b>	<b>13,317</b>	<b>12,801</b>	<b>13,659</b>	<b>14,643</b>
<b>Gross Loan Portfolio</b>		<b>398,906</b>	<b>414,019</b>	<b>421,028</b>	<b>433,147</b>	<b>434,092</b>	<b>440,919</b>	<b>451,226</b>
Preventive Loan Loss Reserves		10,656	13,659	14,049	13,765	13,506	14,215	14,989
<b>Net Loan Portfolio</b>		<b>388,250</b>	<b>400,360</b>	<b>406,979</b>	<b>419,382</b>	<b>420,586</b>	<b>426,703</b>	<b>436,237</b>
Acquired Collection Rights		2,752	2,039	1,948	1,918	1,702	1,610	1,545
Acquired Collection Rights, Net		2,752	2,039	1,948	1,918	1,702	1,610	1,545
<b>Total Credit Portfolio</b>		<b>391,002</b>	<b>402,400</b>	<b>408,927</b>	<b>421,300</b>	<b>422,288</b>	<b>428,313</b>	<b>437,782</b>
Benef.receiveab.securization transactions		782	795	836	738	729	789	691
Sundry Debtors & Other Accs Rec, Net		23,143	23,032	21,450	11,185	29,371	17,464	18,742
Inventories		-	-	-	-	-	-	-
Foreclosed Assets, Net		2,340	2,423	2,395	2,266	2,102	2,162	2,036
Real Estate, Furniture & Equipment, Net		8,829	8,947	9,014	9,498	9,516	9,559	9,720
Investment in Subsidiaries		13,374	13,156	13,483	13,765	14,062	13,278	13,537
Long-term assets held for sale		-	-	-	-	-	-	-
Deferred Taxes, Net		-	566	722	274	868	1,336	2,085
Goodwill and Intangibles		7,607	7,802	8,337	9,038	8,472	9,234	9,443
Other Assets Short and Long Term		4,047	3,518	3,569	3,826	4,013	4,007	3,978
Other Assets		-	-	-	-	-	-	-
		60,123	60,239	59,806	50,589	69,133	57,828	60,233
<b>TOTAL ASSETS</b>		<b>801,363</b>	<b>781,193</b>	<b>800,679</b>	<b>787,916</b>	<b>860,967</b>	<b>862,996</b>	<b>867,924</b>



Banking Sector - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>LIABILITIES</b>								
Demand Deposits		204,794	217,510	236,198	255,297	253,832	265,051	277,663
Time Deposits-Retail		182,523	189,206	186,033	179,877	187,015	179,756	181,021
Time Deposits-Money Market		23,809	13,465	14,485	4,971	10,745	2,805	1,518
Special Funds		-	-	-	-	-	-	-
Senior Unsecured Debt		3,741	3,985	3,987	4,003	3,951	3,968	4,065
<b>Deposits</b>		<b>414,867</b>	<b>424,166</b>	<b>440,703</b>	<b>444,147</b>	<b>455,543</b>	<b>451,580</b>	<b>464,268</b>
Immediate Redemption Loans		1,460	0	2,562	2,974	0	7,809	0
Short Term Loans		19,326	9,099	9,138	9,882	8,729	7,732	7,437
Long Term Loans		3,258	3,451	3,183	3,210	3,049	3,125	4,730
<b>Due to Banks &amp; Correspondents</b>		<b>24,044</b>	<b>12,550</b>	<b>14,884</b>	<b>16,067</b>	<b>11,778</b>	<b>18,666</b>	<b>12,168</b>
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net		219,502	206,038	203,980	196,041	242,133	241,965	237,896
Secs to be received in Repo Trans, Net		-	-	-	-	-	-	-
Repos (Credit Balance)		49	36	33	8	32	0	6
Securities' Loans		-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-
Other sold collateral		-	-	-	-	-	-	-
<b>Total Collateral sold</b>		<b>49</b>	<b>36</b>	<b>33</b>	<b>8</b>	<b>32</b>	<b>0</b>	<b>6</b>
For trading purposes		19,927	15,427	17,451	14,827	14,140	17,704	15,201
For hedging purposes		4,246	3,625	3,769	3,500	3,583	3,071	3,041
Operations w/ Derivatives & Securities		-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>24,173</b>	<b>19,051</b>	<b>21,220</b>	<b>18,327</b>	<b>17,723</b>	<b>20,775</b>	<b>18,242</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>		<b>243,723</b>	<b>225,125</b>	<b>225,233</b>	<b>214,376</b>	<b>259,888</b>	<b>262,740</b>	<b>256,145</b>
Valuation adjustments for financial liability coverage		-	-	-	-	-	-	-
Obligations in securitization transactions		-	0	0	0	0	0	0
Income Tax Payable		1,416	108	397	224	1,518	2,315	3,808
Profit Sharing Payable		335	409	486	330	120	205	303
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-
Creditors for settlement of transactions		5,362	12,925	11,937	4,006	17,205	10,073	10,234
Margin Accounts Payable		-	-	-	-	-	-	-
Other Creditors & Accounts Payable		11,194	11,108	11,494	10,361	10,259	11,799	12,199
<b>Other Payable Accounts</b>		<b>18,307</b>	<b>24,550</b>	<b>24,314</b>	<b>14,920</b>	<b>29,102</b>	<b>24,392</b>	<b>26,544</b>
Subordinated Non Convertible Debt		19,258	19,510	18,046	18,001	18,083	15,788	16,021
Deferred Taxes, Net		372	-	-	-	-	-	-
Deferred Credits		2,634	2,523	2,562	2,479	2,373	2,274	2,252
<b>TOTAL LIABILITIES</b>		<b>723,205</b>	<b>708,425</b>	<b>725,742</b>	<b>709,990</b>	<b>776,768</b>	<b>775,441</b>	<b>777,397</b>
<b>EQUITY</b>								
Paid-in Capital		15,067	15,577	15,577	15,577	17,527	20,022	20,074
Provision for future capital increase not formalized by its governing entity		-	-	-	1,950	2,499	52	-
Share Subscription Premiums		13,154	10,389	10,389	10,389	10,389	10,389	10,389
Subordinated Convertible Debentures		-	-	-	-	-	-	-
<b>Subscribed Capital</b>		<b>28,221</b>	<b>25,966</b>	<b>25,966</b>	<b>27,916</b>	<b>30,415</b>	<b>30,463</b>	<b>30,463</b>
Capital Reserves		6,703	7,761	7,761	7,761	7,761	8,968	8,968
Retained Earnings		42,824	35,004	34,285	32,284	44,411	43,183	43,203
Surplus (Deficit) of Secs Available for Sale		1,656	677	722	517	576	691	540
Results from Valuation of Hedging Secs		(3,136)	(1,688)	(1,805)	(1,541)	(840)	(697)	(815)
Results from Conversions		(958)	(848)	(824)	(1,143)	(964)	(969)	(794)
Surplus (Deficit) in Capital Restatement		-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets		-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets		-	-	-	-	-	-	-
Adjustments in the Employee's Pensions		-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes		-	-	-	-	-	-	-
Net Income		2,838	5,886	8,824	12,122	2,831	5,906	8,952
<b>Earned Capital</b>		<b>49,927</b>	<b>46,792</b>	<b>48,962</b>	<b>50,000</b>	<b>53,775</b>	<b>57,082</b>	<b>60,054</b>
Minority Interest		10	10	10	10	10	10	10
<b>Total Equity</b>		<b>78,158</b>	<b>72,768</b>	<b>74,937</b>	<b>77,926</b>	<b>84,200</b>	<b>87,555</b>	<b>90,527</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>801,363</b>	<b>781,193</b>	<b>800,679</b>	<b>787,916</b>	<b>860,967</b>	<b>862,996</b>	<b>867,924</b>

Banking Sector - Memorandum Accounts	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
(Million Pesos)							
Investment banking transactions for third parties, net	67,162	71,223	93,475	83,171	85,548	99,955	94,013
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>67,162</b>	<b>71,223</b>	<b>93,475</b>	<b>83,171</b>	<b>85,548</b>	<b>99,955</b>	<b>94,013</b>
<b>Proprietary Transactions</b>							
Endorsement Guarantees Granted	-	-	-	-	-	-	-
Loan Obligations	39,566	35,435	34,588	28,110	28,616	31,840	29,682
Trusts	346,354	318,844	264,235	194,018	167,885	187,006	205,556
Mandates	2,140	1,713	10,806	11,043	10,090	8,957	9,031
Properties in Trusts and Warrant	348,494	320,557	275,042	205,061	177,975	195,963	214,587
Properties in Custody or Administration	316,204	325,241	357,893	335,729	358,926	344,237	280,141
Collateral Received	74,654	74,953	68,298	123,774	86,962	75,353	75,123
Collateral Received or sold	30,208	33,881	25,764	72,530	35,054	23,364	22,996
Drafts in Transit	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-
Contingent Assets & liabilities	255	255	255	-	-	0	0
Uncollected Accrued Interest from Past Due Loans	191	325	348	349	378	411	452
Investments of Retirement Savings Funds	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>809,573</b>	<b>790,647</b>	<b>762,189</b>	<b>765,553</b>	<b>687,910</b>	<b>671,167</b>	<b>622,981</b>
Repo Securities to be Received	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repo Debtors	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROPRIETARY</b>	<b>809,573</b>	<b>790,647</b>	<b>762,189</b>	<b>765,553</b>	<b>687,910</b>	<b>671,167</b>	<b>622,981</b>

## BANORTE USA

Income Statement-Banorte USA	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	2013	9M14
<i>MEX GAAP (Million Pesos)</i>									
Interest Income	178	176	177	176	183	185	183	707	551
Interest Expense	42	39	34	32	31	30	32	147	93
Charged Fees	4	6	6	6	7	7	8	22	23
Fees Paid	-	-	-	-	-	-	-	-	-
<b>Net Interest Income from interest &amp; fees (Nil)</b>	<b>141</b>	<b>142</b>	<b>149</b>	<b>150</b>	<b>159</b>	<b>162</b>	<b>160</b>	<b>582</b>	<b>480</b>
<b>Net Interest Income (Nil)</b>	<b>141</b>	<b>142</b>	<b>149</b>	<b>150</b>	<b>159</b>	<b>162</b>	<b>160</b>	<b>582</b>	<b>480</b>
Preventive Provisions for Loan Losses	15	2	8	11	11	2	3	36	16
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>126</b>	<b>140</b>	<b>141</b>	<b>139</b>	<b>148</b>	<b>160</b>	<b>157</b>	<b>546</b>	<b>464</b>
Fees for Commercial and Mortgage Loans	2	2	5	3	3	2	2	11	7
Fund Transfers	47	56	59	67	71	80	84	229	235
Account Management Fees	16	15	17	16	15	15	15	64	45
Fiduciary	-	-	-	-	-	-	-	-	-
Other Fees	4	4	3	5	6	6	7	15	19
Income from Real Estate Portfolios	-	-	-	-	-	-	-	-	-
Electronic Banking Services	5	5	6	5	6	9	9	21	23
For Consumer and Credit Card Loans	-	-	-	-	-	-	-	-	-
<b>Fees Charged on Services</b>	<b>74</b>	<b>82</b>	<b>88</b>	<b>96</b>	<b>101</b>	<b>112</b>	<b>117</b>	<b>341</b>	<b>330</b>
Fund transfers	1	1	1	1	0	0	0	4	1
Other Fees	26	27	26	29	28	31	30	108	89
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>27</b>	<b>29</b>	<b>26</b>	<b>30</b>	<b>28</b>	<b>31</b>	<b>31</b>	<b>112</b>	<b>90</b>
Foreign Exchange	13	17	15	16	13	15	15	60	43
Securities-Realized Gains	34	11	5	1	17	0	3	51	21
Securities-Unrealized Gains	-	-	-	-	-	-	-	-	-
<b>Trading Income</b>	<b>47</b>	<b>28</b>	<b>20</b>	<b>16</b>	<b>31</b>	<b>15</b>	<b>18</b>	<b>111</b>	<b>63</b>
Loan Recoveries	11	4	5	12	3	1	2	32	5
Income from purchased assets	3	(9)	(5)	13	(4)	6	(1)	2	1
Other Operating Income	-	-	-	-	0	-	(0)	-	(0)
Other Operating Expense	-	0	0	1	1	1	1	2	4
Other Products	19	21	21	18	17	17	17	79	51
Other Recoveries	-	-	-	-	-	-	-	-	-
Other Operating Expense	(1)	(1)	(1)	(0)	(1)	(1)	(1)	(3)	(3)
<b>Total Non Interest Income</b>	<b>127</b>	<b>97</b>	<b>102</b>	<b>125</b>	<b>120</b>	<b>119</b>	<b>122</b>	<b>451</b>	<b>361</b>
<b>Total Operating Income</b>	<b>252</b>	<b>237</b>	<b>244</b>	<b>264</b>	<b>268</b>	<b>279</b>	<b>279</b>	<b>998</b>	<b>826</b>
Personnel	87	77	82	79	82	90	85	325	257
Employee Profit Sharing (PTU)	-	-	-	-	-	-	-	-	-
Professional Fees	24	23	24	31	25	29	17	101	71
Administrative and Promotional Expenses	49	47	52	59	56	65	61	207	182
Rents, Depreciation & Amortization	20	19	19	22	20	18	16	80	54
Taxes other than income tax & non deductible expenses	5	4	4	3	4	5	4	16	14
Contributions to IPAB/Fobaproa	9	9	4	4	4	3	4	26	10
<b>Total Non Interest Expense</b>	<b>193</b>	<b>179</b>	<b>185</b>	<b>198</b>	<b>191</b>	<b>211</b>	<b>186</b>	<b>755</b>	<b>588</b>
<b>Operating Income</b>	<b>59</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>77</b>	<b>68</b>	<b>93</b>	<b>242</b>	<b>238</b>
Subsidiaries' Net Income	-	-	-	-	-	-	-	-	-
<b>Pre-Tax Income</b>	<b>59</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>77</b>	<b>68</b>	<b>93</b>	<b>242</b>	<b>238</b>
Income Tax	19	20	19	23	24	22	32	79	79
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	-	-	-	-	-	-	-	-	-
<b>Taxes</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>23</b>	<b>24</b>	<b>22</b>	<b>32</b>	<b>79</b>	<b>79</b>
<b>Net Income from Continuous Operations</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>44</b>	<b>52</b>	<b>46</b>	<b>61</b>	<b>163</b>	<b>159</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>44</b>	<b>52</b>	<b>46</b>	<b>61</b>	<b>163</b>	<b>159</b>

Banorte USA-Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>ASSETS</b>								
Cash and Due from Banks		2,202	2,678	2,094	1,139	2,014	2,248	2,355
Margin Accounts		-	-	-	-	-	-	-
Negotiable Instruments		-	-	-	-	-	-	-
Securities Available for Sale		11,326	9,929	8,747	8,628	7,474	7,190	6,853
Securities Held to Maturity		-	-	-	-	-	-	-
Investment in Securities		11,326	9,929	8,747	8,628	7,474	7,190	6,853
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net		-	-	-	-	-	-	-
Securities Lending		-	-	-	-	-	-	-
For trading purposes		-	-	-	-	-	-	-
For hedging purposes		-	-	-	-	-	-	-
Operations w/Derivatives & Securities"		-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-
Operations w/Derivatives & Securities		-	-	-	-	-	-	-
Commercial Loans		7,031	7,764	7,697	8,754	9,686	9,608	10,171
Financial Intermediaries' Loans		-	-	-	-	-	-	-
Consumer Loans		163	172	154	155	142	138	134
Mortgage Loans		1,508	1,506	1,482	1,387	1,353	1,321	1,338
Government Entities' Loans		-	-	-	-	-	-	-
Loans granted as Federal Agent		-	-	-	-	-	-	-
Performing Loans		8,702	9,442	9,333	10,297	11,180	11,067	11,643
Commercial PDL's		7	23	4	1	2	1	12
Financial Intermediaries PDL's		-	-	-	-	-	-	-
Consumer PDL's		-	0	0	-	-	-	-
Mortgage PDL's		34	33	49	43	17	23	21
Government Entities PDL's		-	-	-	-	-	-	-
Past Due Loans		41	56	53	45	18	24	34
Gross Loan Portfolio		8,744	9,498	9,386	10,342	11,198	11,091	11,676
Preventive Loan Loss Reserves		69	73	77	85	90	87	90
Net Loan Portfolio		8,675	9,425	9,308	10,257	11,108	11,004	11,587
Acquired Collection Rights		-	-	-	-	-	-	-
Acquired Collection Rights, Net		-	-	-	-	-	-	-
Total Credit Portfolio		8,675	9,425	9,308	10,257	11,108	11,004	11,587
Benef.receiveab.securization transactions		-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net		661	702	716	717	721	722	753
Inventories		-	-	-	-	-	-	-
Foreclosed Assets, Net		317	290	246	187	162	118	98
Real Estate, Furniture & Equipment, Net		560	582	586	581	575	565	576
Investment in Subsidiaries		143	142	144	144	143	141	146
Long-term assets held for sale		-	-	-	-	-	-	-
Deferred Taxes, Net		70	155	207	128	104	105	115
Goodwill and Intangibles		3,028	3,141	3,173	3,149	3,132	3,114	3,225
Other Assets Short and Long Term		201	168	202	96	125	121	98
Other Assets		-	-	-	-	-	-	-
		4,979	5,181	5,275	5,001	4,962	4,886	5,011
<b>TOTAL ASSETS</b>		<b>27,181</b>	<b>27,213</b>	<b>25,425</b>	<b>25,025</b>	<b>25,558</b>	<b>25,328</b>	<b>25,807</b>

## IV. FINANCIAL STATEMENTS



Banorte USA-Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>LIABILITIES</b>								
Demand Deposits		11,761	11,461	10,697	10,887	11,483	10,979	10,680
Time Deposits-Retail		9,135	9,251	8,171	7,873	7,549	7,797	7,958
Time Deposits-Money Market		-	-	-	-	-	-	-
Special Funds		-	-	-	-	-	-	-
Senior Unsecured Debt		-	-	-	-	-	-	-
<b>Deposits</b>		<b>20,896</b>	<b>20,712</b>	<b>18,867</b>	<b>18,760</b>	<b>19,032</b>	<b>18,776</b>	<b>18,638</b>
Immediate Redemption Loans		-	-	-	-	-	-	-
Short Term Loans		95	112	114	112	114	105	100
Long Term Loans		-	-	-	-	-	6	-
<b>Due to Banks &amp; Correspondents</b>		<b>95</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>100</b>
Technical Reserves		-	-	-	-	-	-	-
Non-assigned Securities for Settlement		-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net		1	2	2	-	-	-	-
Secs to be received in Repo Trans, Net		-	-	-	-	-	-	-
Repos (Credit Balance)		-	-	-	-	-	-	-
Securities' Loans		-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-
Other sold collateral		-	-	-	-	-	-	-
<b>Total Collateral sold</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
For trading purposes		-	-	-	-	-	-	-
For hedging purposes		-	-	-	-	-	-	-
Operations w/ Derivatives & Securities		-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation adjustments for financial liability coverage		-	-	-	-	-	-	-
Obligations in securitization transactions		-	-	-	-	-	-	-
Payable Accounts for Reinsurance		-	-	-	-	-	-	-
Income Tax Payable		43	30	21	28	24	12	59
Profit Sharing Payable		-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-
Creditors for settlement of transactions		-	-	-	-	-	-	-
Margin Accounts Payable		-	-	-	-	-	-	-
Other Creditors & Accounts Payable		387	432	431	404	433	430	761
<b>Other Payable Accounts</b>		<b>430</b>	<b>462</b>	<b>452</b>	<b>432</b>	<b>457</b>	<b>441</b>	<b>820</b>
Subordinated Non Convertible Debt		255	269	272	270	269	267	277
Deferred Taxes, Net		-	-	-	-	-	-	-
Deferred Credits		15	19	18	26	30	33	38
<b>TOTAL LIABILITIES</b>		<b>21,692</b>	<b>21,575</b>	<b>19,724</b>	<b>19,600</b>	<b>19,901</b>	<b>19,630</b>	<b>19,874</b>
<b>EQUITY</b>								
Paid-in Capital		4,668	4,690	4,690	4,690	4,690	4,690	4,690
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-
Share Subscription Premiums		-	-	-	-	-	-	-
Subordinated Convertible Debentures		-	-	-	-	-	-	-
<b>Subscribed Capital</b>		<b>4,668</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>
Capital Reserves		-	-	-	-	-	-	-
Retained Earnings		601	586	586	586	749	749	749
Surplus (Deficit) of Secs Available for Sale		144	(20)	(44)	(313)	(142)	(114)	(141)
Results from Valuation of Hedging Secs		-	-	-	-	-	-	-
Results from Conversions		34	301	350	299	307	274	476
Surplus (Deficit) in Capital Restatement		-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets		-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets		-	-	-	-	-	-	-
Adjustments in the Employee's Pensions		-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes		-	-	-	-	-	-	-
Net Income		41	80	119	163	52	98	159
<b>Earned Capital</b>		<b>821</b>	<b>948</b>	<b>1,011</b>	<b>736</b>	<b>967</b>	<b>1,008</b>	<b>1,243</b>
Minority Interest		-	-	-	-	-	-	-
<b>Total Equity</b>		<b>5,489</b>	<b>5,637</b>	<b>5,701</b>	<b>5,425</b>	<b>5,657</b>	<b>5,698</b>	<b>5,933</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>27,181</b>	<b>27,213</b>	<b>25,425</b>	<b>25,025</b>	<b>25,558</b>	<b>25,328</b>	<b>25,807</b>

Banorte USA - Memorandum Accounts							
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<i>(Million Pesos)</i>							
Investment banking transactions for third parties, net	-	-	-	-	-	-	-
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>							
Endorsement Guarantees Granted	-	-	-	-	-	-	-
Loan Obligations	11	5	6	6	12	13	7
Trusts	-	-	-	-	-	-	-
Mandates	-	-	-	-	-	-	-
Properties in Trusts and Warrant	-	-	-	-	-	-	-
Properties in Custody or Administration	-	-	-	-	-	-	-
Collateral Received	-	-	-	-	-	-	-
Collateral Received or sold	-	-	-	-	-	-	-
Drafts in Transit	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-
Contingent Assets & liabilities	-	-	-	-	-	-	-
Uncollected Accrued Interest from Past Due Loans	-	-	-	-	-	-	-
Investments of Retirement Savings Funds	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>13</b>	<b>7</b>
Repo Securities to be Received	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>13</b>	<b>7</b>

## INFORMATION BY SEGMENTS

GFNorte - Income Statement as of September '14 (Million Pesos)							
	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Interest Income	87	43,252	1,617	47	367	2,913	7,126
Premium Income (Net)	-	-	-	-	7,779	6,028	-
Interest Expense	-	15,375	983	0	-	-	6,817
Net Increase in Technical Reserves	-	-	-	-	26	6,223	-
Damages, Claims and Other Obligations	-	-	-	-	5,024	2,223	-
<b>Net Interest Income (NII)</b>	<b>87</b>	<b>27,878</b>	<b>634</b>	<b>47</b>	<b>3,097</b>	<b>494</b>	<b>310</b>
Preventive Provisions for Loan Losses	-	8,403	56	-	-	-	-
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>87</b>	<b>19,474</b>	<b>579</b>	<b>47</b>	<b>3,097</b>	<b>494</b>	<b>310</b>
Loan Origination Fees	-	8,412	38	-	-	-	813
Fees Paid	0	2,254	67	0	1,101	-	29
Trading Income	-	3,487	-	1	9	(2)	551
Other Operating Income (Expenses)	1	1,771	49	8	423	2	(4)
<b>Non Interest Income</b>	<b>1</b>	<b>11,415</b>	<b>21</b>	<b>9</b>	<b>(669)</b>	<b>0</b>	<b>1,332</b>
<b>Total Operating Income</b>	<b>87</b>	<b>30,889</b>	<b>599</b>	<b>56</b>	<b>2,428</b>	<b>495</b>	<b>1,642</b>
Administrative and Promotional Expenses	82	19,150	106	23	596	202	706
<b>Operating Income</b>	<b>5</b>	<b>11,739</b>	<b>493</b>	<b>33</b>	<b>1,832</b>	<b>293</b>	<b>936</b>
Subsidiaries' Net Income	11,394	900	-	-	(0)	2	1
<b>Pre-Tax Income</b>	<b>11,399</b>	<b>12,639</b>	<b>493</b>	<b>33</b>	<b>1,832</b>	<b>294</b>	<b>937</b>
Income Tax	-	5,504	0	11	580	0	299
Deferred Income Tax	(118)	(1,817)	(0)	(0)	2	93	(39)
<b>Net Income from Continuous Operations</b>	<b>11,517</b>	<b>8,952</b>	<b>493</b>	<b>23</b>	<b>1,249</b>	<b>202</b>	<b>676</b>
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	(0)	(1)	(0)	(2)	-	-
<b>Net Income</b>	<b>11,517</b>	<b>8,952</b>	<b>491</b>	<b>23</b>	<b>1,248</b>	<b>202</b>	<b>676</b>

GFNorte - Income Statement as of September '14 (Million Pesos)							
	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de Portafolios	Total	Charges	Credits	Final Balance
Interest Income	2	0	73	55,486	2,565	14	52,934
Premium Income (Net)	-	-	-	13,806	414	-	13,392
Interest Expense	-	-	380	23,554	-	2,378	21,176
Net Increase in Technical Reserves	-	-	-	6,249	-	-	6,249
Damages, Claims and Other Obligations	-	-	-	7,247	-	-	7,247
<b>Net Interest Income (NII)</b>	<b>2</b>	<b>0</b>	<b>(307)</b>	<b>32,242</b>	<b>-</b>	<b>-</b>	<b>31,654</b>
Preventive Provisions for Loan Losses	-	-	190	8,649	-	166	8,483
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>2</b>	<b>0</b>	<b>(497)</b>	<b>23,593</b>	<b>-</b>	<b>(166)</b>	<b>23,171</b>
Loan Origination Fees	812	6	179	10,259	1,089	-	9,171
Fees Paid	686	0	0	4,136	-	1,064	3,072
Trading Income	1	-	(5)	4,041	-	4	4,045
Other Operating Income (Expenses)	(0)	3	304	2,557	190	6	2,373
<b>Non Interest Income</b>	<b>127</b>	<b>9</b>	<b>477</b>	<b>12,722</b>	<b>1,278</b>	<b>(1,055)</b>	<b>12,517</b>
<b>Total Operating Income</b>	<b>129</b>	<b>10</b>	<b>(20)</b>	<b>36,315</b>	<b>1,278</b>	<b>(1,220)</b>	<b>35,689</b>
Administrative and Promotional Expenses	24	7	189	21,085	598	1,041	20,642
<b>Operating Income</b>	<b>105</b>	<b>3</b>	<b>(209)</b>	<b>15,230</b>	<b>-</b>	<b>-</b>	<b>15,047</b>
Subsidiaries' Net Income	4	-	(13)	12,286	11,395	-	891
<b>Pre-Tax Income</b>	<b>109</b>	<b>3</b>	<b>(222)</b>	<b>27,516</b>	<b>-</b>	<b>-</b>	<b>15,938</b>
Income Tax	28	0	-	6,423	-	-	6,423
Deferred Income Tax	1	1	(114)	(1,992)	1	76	(2,067)
<b>Net Income from Continuous Operations</b>	<b>79</b>	<b>2</b>	<b>(108)</b>	<b>23,085</b>	<b>-</b>	<b>-</b>	<b>11,581</b>
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	-	-	(3)	170	-	(173)
<b>Net Income</b>	<b>79</b>	<b>2</b>	<b>(108)</b>	<b>23,082</b>	<b>16,421</b>	<b>4,493</b>	<b>11,409</b>

## GFNorte - Balance Sheet as of September 30 '14

(Million Pesos)

ASSETS	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Cash and Due from Banks	231	70,371	10	17	57	7	893
Margin Accounts	-	72	-	-	-	-	-
Investment in Securities	-	283,959	-	68	10,838	58,107	60,942
Negotiable Instruments	-	193,774	-	31	4,575	303	35,451
Securities Available for Sale	-	69,116	-	37	-	30	23,673
Securities Held to Maturity	-	21,069	-	-	6,263	57,775	1,818
Debtor Balance in Repo Trans, net	1,300	8	-	-	(0)	(0)	-
Securities Lending	-	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	15,106	-	-	-	-	-
Transactions with Derivatives For hedging purposes	-	246	-	-	-	-	-
Gross Loan Portfolio	-	437,782	18,440	-	-	-	-
Net Loan Portfolio	-	436,237	18,440	-	-	-	-
Performing Loans	-	436,582	18,583	-	-	-	-
Commercial Loans	-	165,798	16,429	-	-	-	-
Financial Intermediaries' Loans	-	17,700	292	-	-	-	-
Government Entities' Loans	-	103,144	1,858	-	-	-	-
Consumer Loans	-	62,960	4	-	-	-	-
Mortgage Loans	-	86,980	-	-	-	-	-
Past Due Loans	-	14,643	168	-	-	-	-
Commercial PDL's	-	11,017	167	-	-	-	-
Financial Intermediaries PDL's	-	1	1	-	-	-	-
Government Entities PDL's	-	-	-	-	-	-	-
Consumer PDL's	-	2,375	0	-	-	-	-
Mortgage PDL's	-	1,250	-	-	-	-	-
Preventive Loan Loss Reserves	-	14,989	311	-	-	-	-
Acquired Collection Rights	-	1,545	-	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	-	-	1,371	828	-
Premium Debtors (Net)	-	-	-	-	3,298	237	-
Account Receivables from Reinsurance	-	-	-	-	5,431	-	-
Benef.receiveab.securization transactions	-	691	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	62	18,742	347	61	-	-	3,019
Inventories	-	-	-	459	-	-	-
Foreclosed Assets, Net	-	2,036	8	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	9,720	2,031	69	230	2	51
Investment in Subsidiaries	104,631	13,537	-	-	1	28	11
Deferred Taxes, Net	122	2,085	24	1	86	-	12
Total other Assets	10,863	13,421	233	11	546	2	352
Goodwill	9,702	4,183	-	-	-	-	-
Intangible	1,161	5,259	233	2	478	0	42
Other Assets	-	3,978	-	10	68	2	310
<b>TOTAL ASSETS</b>	<b>117,209</b>	<b>867,924</b>	<b>21,094</b>	<b>687</b>	<b>21,860</b>	<b>59,212</b>	<b>65,280</b>



## GFNorte - Balance Sheet as of September 30 '14

(Million Pesos)

ASSETS	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administrad ora de	Total	Charges	Credits	Final Balance
Cash and Due from Banks	121	17	207	71,932	255	1,646	70,541
Margin Accounts	-	-	-	72	-	-	72
Investment in Securities	-	-	-	413,914	172	628	413,459
Negotiable Instruments	-	-	-	234,133	-	-	234,133
Securities Available for Sale	-	-	-	92,856	-	390	92,465
Securities Held to Maturity	-	-	-	86,925	172	237	86,860
Debtor Balance in Repo Trans, net	-	-	-	1,308	-	1,300	8
Securities Lending	-	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	-	-	15,106	-	-	15,106
Transactions with Derivatives For hedging purposes	-	-	-	246	-	-	246
Gross Loan Portfolio	-	-	5,514	461,736	1,285	15,625	447,395
Net Loan Portfolio	-	-	4,009	458,686	906	15,247	444,345
Performing Loans	-	-	4,063	459,229	858	15,143	444,944
Commercial Loans	-	-	-	182,227	759	730	182,257
Financial Intermediaries' Loans	-	-	-	17,992	-	14,368	3,624
Government Entities' Loans	-	-	-	105,002	4	11	104,995
Consumer Loans	-	-	4,063	67,028	68	31	67,065
Mortgage Loans	-	-	-	86,980	27	4	87,003
Past Due Loans	-	-	196	15,007	48	103	14,951
Commercial PDL's	-	-	196	11,380	36	39	11,377
Financial Intermediaries PDL's	-	-	-	1	-	-	1
Government Entities PDL's	-	-	-	-	-	-	-
Consumer PDL's	-	-	0	2,375	5	9	2,371
Mortgage PDL's	-	-	-	1,250	7	56	1,202
Preventive Loan Loss Reserves	-	-	250	15,550	-	-	15,550
Acquired Collection Rights	-	-	1,505	3,050	379	379	3,050
Account Receivables from Insurance and Annuities	-	-	-	2,200	-	-	2,200
Premium Debtors (Net)	-	-	-	3,535	-	-	3,535
Account Receivables from Reinsurance	-	-	-	5,431	-	-	5,431
Benef.receiveab.securization transactions	-	-	-	691	-	-	691
Sundry Debtors & Other Accs Rec, Net	132	6	10,022	32,391	147	1,269	31,268
Inventories	-	-	-	459	-	-	459
Foreclosed Assets, Net	-	-	501	2,546	201	201	2,546
Real Estate, Furniture & Equipment, Net	0	104	5	12,213	212	105	12,320
Investment in Subsidiaries	90	-	440	118,739	767	105,524	13,982
Deferred Taxes, Net	-	1	152	2,483	318	956	1,845
Total other Assets	3	4	567	26,004	2,696	1,309	27,391
Goodwill	-	-	-	13,885	2,693	1,117	15,462
Intangible	1	4	567	7,748	-	180	7,569
Other Assets	2	-	-	4,370	3	13	4,361
<b>TOTAL ASSETS</b>	<b>347</b>	<b>132</b>	<b>17,409</b>	<b>1,171,152</b>	<b>6,054</b>	<b>128,565</b>	<b>1,048,642</b>

## IV. FINANCIAL STATEMENTS



GFNorte - Balance Sheet as of September 30 '14							
(Million Pesos)							
LIABILITIES	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
<b>Deposits</b>	-	464,268	946	-	-	-	-
<b>Demand Deposits</b>	-	277,663	-	-	-	-	-
<b>Time Deposits</b>	-	182,539	-	-	-	-	-
Time Deposits-Retail	-	181,021	-	-	-	-	-
Time Deposits-Money Market	-	1,518	-	-	-	-	-
<b>Senior Unsecured Debt</b>	-	4,065	946	-	-	-	-
<b>Due to Banks &amp; Correspondents</b>	-	12,168	15,699	381	-	-	-
Immediate Redemption Loans	-	0	-	-	-	-	-
Short Term Loans	-	7,437	11,352	381	-	-	-
Long Term Loans	-	4,730	4,347	-	-	-	-
<b>Technical Reserves</b>	-	-	-	-	12,690	57,311	-
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	237,896	-	-	-	-	59,465
<b>Secs to be received in Repo Trans, Net</b>	-	-	-	-	-	-	-
<b>Collateral sold or pledged as collateral</b>	-	6	-	-	-	-	1
<b>Transactions with Derivatives for trading purposes</b>	-	15,201	-	-	-	-	-
<b>Transactions with Derivatives for hedging purposes</b>	-	3,041	-	-	-	-	-
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	-	-	796	-	-
<b>Other Payable Accounts</b>	-	26,544	603	11	3,647	132	3,481
Income Tax Payable	-	3,808	0	1	580	-	152
Profit Sharing Payable	-	303	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	10,234	-	-	-	-	3,047
Acreeedores Por Colaterales Recibidos En Efectivo	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	-	12,199	602	10	3,068	132	283
<b>Subordinated Non Convertible Debt</b>	-	16,021	-	-	-	-	-
<b>Deferred Taxes, Net</b>	-	-	-	-	-	317	-
<b>Deferred Credits</b>	-	2,252	144	-	172	-	-
<b>TOTAL LIABILITIES</b>	-	777,397	17,392	391	17,306	57,761	62,947
<b>EQUITY</b>							
<b>Subscribed Capital</b>	50,479	30,463	526	87	709	325	1,429
Paid-in Capital	14,664	20,074	526	87	709	325	1,354
Share Subscription Premiums	35,815	10,389	-	-	-	-	75
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-	-
<b>Earned Capital</b>	66,730	60,054	3,170	208	3,817	1,125	905
Capital Reserves	7,014	8,968	429	39	540	149	82
Retained Earnings	49,105	43,203	2,250	142	1,983	778	15
Surplus (Deficit) of Secs Available for Sale	541	540	-	4	46	(3)	99
Results from Valuation of Hedging Secs	(709)	(815)	-	-	-	-	-
Results from Conversions	(737)	(794)	-	-	-	-	32
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Results of Non Monetary Assets	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	11,517	8,952	491	23	1,248	202	676
Capital Mayoritario	117,209	90,517	3,696	295	4,526	1,451	2,333
Minority Interest	-	10	5	0	28	-	-
<b>Total Equity</b>	<b>117,209</b>	<b>90,527</b>	<b>3,702</b>	<b>295</b>	<b>4,554</b>	<b>1,451</b>	<b>2,333</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>117,209</b>	<b>867,924</b>	<b>21,094</b>	<b>687</b>	<b>21,860</b>	<b>59,212</b>	<b>65,280</b>

## IV. FINANCIAL STATEMENTS



### GFNorte - Balance Sheet as of September 30 '14

(Million Pesos)

LIABILITIES	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de	Total	Charges	Credits	Final Balance
<b>Deposits</b>	-	-	-	465,214	1,570	-	463,644
<b>Demand Deposits</b>	-	-	-	277,663	1,118	-	276,545
<b>Time Deposits</b>	-	-	-	182,539	451	-	182,088
Time Deposits-Retail	-	-	-	181,021	451	-	180,569
Time Deposits-Money Market	-	-	-	1,518	-	-	1,518
<b>Senior Unsecured Debt</b>	-	-	-	5,011	-	-	5,011
<b>Due to Banks &amp; Correspondents</b>	-	-	13,353	41,600	14,376	8	27,232
Immediate Redemption Loans	-	-	-	0	-	-	0
Short Term Loans	-	-	13,353	32,523	14,368	-	18,155
Long Term Loans	-	-	-	9,077	8	8	9,077
<b>Technical Reserves</b>	-	-	-	70,002	-	255	70,256
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	-	-	297,361	1,300	-	296,061
<b>Secs to be received in Repo Trans, Net</b>	-	-	-	-	-	-	-
<b>Collateral sold or pledged as collateral</b>	-	-	-	7	-	-	7
<b>Transactions with Derivatives for trading purposes</b>	-	-	-	15,201	-	-	15,201
<b>Transactions with Derivatives for hedging purposes</b>	-	-	-	3,041	-	-	3,041
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	-	796	-	-	796
<b>Other Payable Accounts</b>	140	107	48	34,712	1,342	6	33,375
Income Tax Payable	7	-	-	4,547	-	-	4,547
Profit Sharing Payable	-	1	-	304	-	-	304
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	13,281	924	-	12,357
Acreedores Por Colaterales Recibidos En Efectivo	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	133	106	48	16,580	418	6	16,168
<b>Subordinated Non Convertible Debt</b>	-	-	-	16,021	-	-	16,021
<b>Deferred Taxes, Net</b>	0	-	-	318	956	639	-
<b>Deferred Credits</b>	-	-	2	2,569	180	-	2,389
<b>TOTAL LIABILITIES</b>	140	107	13,402	946,843	19,724	907	928,026
<b>EQUITY</b>							
<b>Subscribed Capital</b>	112	24	2,917	87,072	37,064	322	50,330
Paid-in Capital	112	24	2,877	40,754	26,106	-	14,647
Share Subscription Premiums	-	-	-	46,279	10,918	322	35,682
Contributions for future capital increases agreed by the governing body	-	-	39	39	39	-	-
<b>Earned Capital</b>	94	1	1,090	137,194	71,785	3,202	68,611
Capital Reserves	15	2	117	17,354	10,340	-	7,014
Retained Earnings	0	(3)	1,081	98,555	50,595	3,122	51,082
Surplus (Deficit) of Secs Available for Sale	-	-	-	1,227	673	-	554
Results from Valuation of Hedging Secs	-	-	-	(1,524)	(815)	-	(709)
Results from Conversions	-	-	-	(1,499)	(762)	-	(737)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Results of Non Monetary Assets	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	79	2	(108)	23,082	11,753	80	11,409
Capital Mayoritario	207	25	4,007	224,266	108,849	3,524	118,941
Minority Interest	0	-	-	43	28	1,660	1,675
<b>Total Equity</b>	207	25	4,007	224,310	108,877	5,184	120,616
<b>TOTAL LIABILITIES &amp; EQUITY</b>	347	132	17,409	1,171,152	128,601	6,091	1,048,642

**ACCOUNTING CHANGES AND REGULATIONS**

- **General regulations applied to controlling companies of financial groups subject to supervision by the CNBV.**

On January 31, 2011 the CNBV issued general regulations applicable to controlling companies of financial groups, in order to compile into one single legal instrument the dispositions applicable to these entities, as well as the modification of diverse regulatory reports to take into consideration homogeneous accounting approaches applicable to other financial entities such as banking, insurance and bonding sectors. As a consequence of the work carried out jointly by the CNBV and the National Insurance and Bonding Commission in accordance with the Financial Reporting Standards issued by the CINIF and the International Financial Reporting Standards of the International Accounting Standards Board.

Once these dispositions come into effect, the "General Dispositions applicable to financial reporting standards for controlling companies of financial groups subject to supervision by the CNBV" will be cancelled as published in the Diario Oficial de la Federación on April 28, 2005 and its diverse modifications, as well as the "General accounting dispositions applicable to controlling companies of financial groups subject to supervision by the CNBV", published in the Diario Oficial de la Federación on August 14, 2006 and its diverse modifications.

- **Main changes in accounting criteria for controlling companies.**

Criteria A-2 "Applications of special norms" was modified by eliminating the ability to avoid consolidating permanent investments in controlled insurance or bonding institutions, and as of February 1, 2011 such institutions must be consolidated in the financial statements of the controlling companies. Likewise with Criteria D-1, D-2, D-3 and D-4 relating to basic financial statements, there were changes in their presentation in accordance with the changes of the mentioned criteria.

Afterwards, on July 18, 2011 the National Banking and Securities Commission replaced some accounting criteria aiming to be consistent with these criteria and regulatory reports related to financial statements.

- **Main changes in accounting criteria for credit institutions.**

On January 27, 2011 the National Banking and Securities Commission issued changes to applicable accounting criteria for credit institutions to make them consistent with financial reporting standards established in Mexico and abroad, as well as facilitating the comparison of information provided to authorities, the public and markets in general. These changes were adopted and applied in the financial statements as of January 2011.

On October 5, 2011, the National Banking and Securities Commission modified the accounting criteria relative to the loan portfolio which define the particular regulation regarding recognition, valuation, presentation and disclosure in the financial statements of the loan portfolio for these institutions, as well as the accounting guidelines relative to the credit risk provisions.

Additionally, on July 5, 2012, the National Banking and Securities Commission modified the accounting criteria relative to trust funds and consolidation of entities with specific purposes, which define the particular regulation regarding recognition, valuation, presentation and disclosure in the financial statements of the trust funds and the specific purpose entities in these institutions.-

- **Amendment to the rating methodology of the commercial portfolio.**

On June 24, 2013, the Commission published a resolution amending the provisions regarding the methodology for rating commercial loans. This resolution modifies the current model of reserves, in order to establish a methodology under which the portfolio is rated and reserved based on expected losses for the next 12 months considering the probability of default, loss severity and exposure to default of each client.

The resolution came into force on June 25, 2013 and is applicable optionally as of this date, and must be met no later than December 31, 2013 for loans granted to individuals with business activity, corporations and decentralized bodies, excluding loans to financial institutions, for which the new methodology cannot be applied until January 2014.

Pursuant to that resolution, the Institution decided to apply the formerly mentioned methodology with figures as of June 30, 2013, consequently the Institution recognized Ps 3.95 billion, in the heading of retained earnings of prior

years, within stockholders' equity, corresponding to the initial cumulative financial effect derived from the application of the new rating methodologies for commercial loans, excluding loans granted to financial institutions which will be adopted until January 2014 according to the regulation.

The amount of the allowance for loan losses for commercial loans of the Institution applying the new methodology was Ps. 8.38 billion, and the amount of the reserve for such commercial portfolio considering the methodology used prior to the implementation of this resolution was Ps. 4.99 billion, both with figures as of June 30, 2013.

The amount recognized in equity includes Ps. 557 million of reserves corresponding to the portfolio sold by Arrendadora y Factor Banorte.

- **Changes to accounting criteria for Mutual Funds and the individuals providing services.**

On March 16, 2012, the National Banking and Securities Commission issued changes in accounting criteria applicable to mutual funds, to make them consistent with financial reporting standards set in Mexico as well as abroad, and to facilitate compatibility of the information given to authorities, public, and markets in general. These changes are similar to changes made for Credit Institutions.

- **Changes to accounting criteria for other finance companies.**

On July 30, 2009 the National Banking and Securities Commission issued changes among others, to accounting criteria applicable other regulated finance companies, SOFOLs and SOFOMs, make them consistent with financial reporting standards set in Mexico as well as abroad, and to facilitate compatibility of the information given to authorities, public, and markets in general. These changes are similar to changes made for Credit Institutions.

- **NIF B-10 Bulletin "Inflation Effects".**

Comparisons of 2008 results vs. reported figures for previous periods are not fully comparable, as a result of the NIF B10 "Inflation Effects" norm taking effect in January of this year. This norm indicates that the economic environment is non-inflationary when the accumulated inflation rate over the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January, 2008.

- **Main changes in accounting criteria B-6 "Loan Portfolio".**

On September 24, 2014, the Commission issued a resolution amending terms corresponding to Accounting Criterion "B-6 Loan Portfolio". The objective was to establish an accounting procedure that credit institutions must observe with regards to loans granted under the terms of Article 43 (Section VIII) and under Article 75 (Sections II and III of Article 224) of the Bankruptcy Act. The main changes are:

- In the definition of past due loans is specified that in order to exclude those loans from this definition whose borrowers have declared bankruptcy, the Banks must continue to receive payment on the principal and interest of such loans.

**Past Due Loan Portfolio** - Comprised of those loans:

- Whose debtors have declared bankruptcy, with the exception of those loans:
    - that continue to make payments under the terms outlined in Section VIII of Article 43 of the Bankruptcy Law, or
    - granted under the protection of Article 75 in relation to Sections II and III of Article 224 of the aforementioned Law; or
  - Whose principal, interest, or both not have been liquidated under the terms originally pacted, to the effect of that established in paragraphs 53 to 64 of the present criteria.
- The definition of payment is added.

**Payment** – the actual delivery of an item, amount or service due that has been agreed upon. Financial income from capital leasing or financial factoring transactions, or capitalized interests is not considered as payment.

- It is specified the statutory basis of the Bankruptcy Act in relation to the procedures that Banks must observe to transfer to past due loans those loans to companies in bankruptcy, provided they are in arrears in the payment of their principal and interest.

#### Transfer to Past Due Loan

The outstanding amount, in accordance to the conditions established in the loan agreement, will be registered as past due when:

The debtor has declared bankruptcy, in accordance with the Bankruptcy Law.

Without prejudice to the provisions of the present paragraph, those payments received under the terms outlined in Section VIII of Article 43 of the Bankruptcy Law, as well as loans granted protection under Article 75 in relation to Sections II and III of Article 224 of the Act, will be transferred to past due when they have incurred the cases established in numeral 2 of paragraph 53 of Criterion B-6.

- Early termination of the mortgage debtor support programs.**

On June 30, 2010, the Ministry of Finance and Public Credit (SHCP) on behalf of the Federal Government agreed (the Agreement) to the early termination of mortgage debtor support programs (end point and UDIS trusts) with banks. Consequently, as of January 1, 2011, the Holding Company absorbed the corresponding part of the discount offered in advance to mortgage debtors that participated in the program. Dated July 26, 2010, the CNBV issued the accounting rules related to the operation agreement.

Some of the effects recorded in 2010 from the application of the Agreement which became effective as of the date it was entered into are presented below.

As of September 30, 2014, the total amount of the Federal Government's payment obligations with respect to commercial loans amounted to \$28 million, which includes \$27 million corresponding to the conditioned discount portion derived from loans denominated in local currency and in UDIS, and \$1 million related to the discount applied to loans referred to in number 3.1.2 of Circular 1430.

As of September 30, 2014, the Federal Government's obligations under the Agreement were:

	Payment date	Amount
Fifth amortization	June 1, 2015	28
		<b>\$28</b>

Each amortization will include a monthly financial cost as of the day immediately following the cut-off date and until the end of the month immediately preceding the payment date of each, using, for the month of January 2012, the rate corresponding to the arithmetic average of annual rates of return calculated on the basis of the discount rate of the 91-day Cete issued in December 2011, and for subsequent months 91-day CETES future rates corresponding to the immediately preceding month published by the company Proveedor Integral de Precios, S.A., the working day immediately following the cut-off date, or else that of the closest previous month contained in said publication, taken to the 28-day curve, and dividing the resulting rate by 360, multiplying the result by the number of days that have effectively elapsed during the due period, and applying monthly capitalization.

Below is an analysis of the movement in the loan loss estimate for credit risks related to the mortgages covered in the Agreement:

	2014
Start balance	\$19
Holding company support	67
Haircuts, discounts and cancellations	14
Reserve reclassification	(9)
Contributions to settle trust liabilities	1
<b>End balance</b>	<b>\$92</b>

During 2014 \$6 million were recognized as results in relation to the end point support program.

The maximum amount of loans not eligible for the Early Termination program with the potential to receive the discount program's benefits to be absorbed by the Holding company is \$14 million.

The amount corresponding to the repurchase of SPECIAL CETES was \$97 million; the outstanding balance of SPECIAL CETES that has not been repurchased by the Federal Government as of September 30, 2014 is \$879 million with maturities between 2017 and 2027.

As a result of the termination of the Trusts, in 2010 the Holding company recognized \$330 million in loan loss reserves and \$56 million in deferred taxes in its balance sheet.

According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

### LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

On February, 2003 Banorte sold Ps \$1.9 billion (Ps \$1.861 billion in past due loans and Ps \$64 million in Performing loans) of its own portfolio (including interests) to its subsidiary, Sólida Administradora de Portafolios, S.A. de C.V. for Ps \$378 million. The transaction was done based on August 2002 figures, and therefore the final figure that affected the February balance was Ps \$1.86 billion, once the collections made since August 2002 are considered. The past due portfolio, as well as Ps \$1.577 billion in associated loan reserves, were cancelled.

As instructed by the CNBV in the document 601-II-323110, we show the integration of the loan portfolio sold in 1Q03 by Banorte to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. The Purpose of this sale was to concentrate the portfolio in this specialized recovery unit as it had been managing the collections of these loans previously. This was a one-time operation and not a permanent transfer procedure of the Solida's portfolio.

(Million of Nominal Pesos)	Local Currency			Foreign Currency (USD)			Total		
	aug-02	jun-14	sep-14	aug-02	jun-14	sep-14	aug-02	jun-14	sep-14
<b>Performing Loans</b>									
Commercial	5	0	0	5	0	0	10	0	0
Mortgage	54	22	23	0	0	0	54	22	23
<b>Total</b>	<b>59</b>	<b>22</b>	<b>23</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>22</b>	<b>23</b>
<b>Non Performing Loans</b>									
Commercial	405	299	287	293	109	113	698	407	399
Consumer	81	72	72	0	0	0	81	72	72
Mortgage	1,112	233	231	0	0	0	1,112	233	231
<b>Total</b>	<b>1,598</b>	<b>603</b>	<b>589</b>	<b>293</b>	<b>109</b>	<b>113</b>	<b>1,891</b>	<b>712</b>	<b>702</b>
<b>TOTAL LOANS</b>	<b>1,657</b>	<b>626</b>	<b>612</b>	<b>298</b>	<b>109</b>	<b>113</b>	<b>1,955</b>	<b>734</b>	<b>725</b>
<b>Loan Loss Reserves (1)</b>									
Commercial	326	299	287	246	109	113	572	407	399
Consumer	77	72	72	0	0	0	77	72	72
Mortgage	669	244	242	0	0	0	669	244	242
<b>Total</b>	<b>1,072</b>	<b>614</b>	<b>601</b>	<b>246</b>	<b>109</b>	<b>113</b>	<b>1,318</b>	<b>723</b>	<b>713</b>

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

(\*) There was a Reserve deficit of Ps 4 million as of September 2014.

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

(\*) Local Currency includes UDIS valued at the new exchange rate.

(\*) Banorte had a 99.99% stake in Sólida until May 2013. After this date, Sólida was merged into Ixe Soluciones and changed its corporate identity to Sólida Administradora de Portafolios, S.A. de C.V. SOFOM, ER, Grupo Financiero Banorte.

In 3Q14 the Loan portfolio showed changes due to: collections of Ps \$2.46 million, foreclosed assets of Ps \$0.84 million, restructurings of Ps \$0.24 million and there were charge offs and discounts of Ps. \$13 million. In the Loan loss provisions, there were charge offs and discounts of Ps \$2.52 million. There were transfers from performing loans to past due loans of Ps \$0.10 million and transfers from past due loans to performing loans of Ps \$1.6 million.



## VI. LOAN PORTFOLIO SALES TO SOLIDA



According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

As instructed by the CNBV in the document 601-II-323110 for purposes of determining financial indicators and a general disclosure referred to regulations, we show the integration of the Banorte's portfolio including the portfolio which was sold to Sólida Administradora de Portafolios, S.A. de C.V.

(Million of Nominal Pesos)	Local Currency (1)		Foreign Currency (USD) (2)		Total	
	jun-14	sep-14	jun-14	sep-14	jun-14	sep-14
<b>Performing Loans</b>						
Commercial	265,255	270,258	19,799	22,717	285,054	292,975
Consumer	42,454	41,626	0	0	42,454	41,626
Mortgage	83,717	85,665	0	0	83,717	85,665
<b>Performing Loans</b>	<b>391,426</b>	<b>397,549</b>	<b>19,799</b>	<b>22,717</b>	<b>411,225</b>	<b>420,266</b>
<b>Non Performing Loans</b>						
Commercial	10,271	10,882	172	523	10,443	11,405
Consumer	1,136	1,111	0	0	1,136	1,111
Mortgage	1,412	1,459	0	0	1,412	1,459
<b>Non Performing Loans</b>	<b>12,819</b>	<b>13,453</b>	<b>172</b>	<b>523</b>	<b>12,991</b>	<b>13,976</b>
<b>TOTAL LOANS</b>	<b>404,245</b>	<b>411,002</b>	<b>19,971</b>	<b>23,240</b>	<b>424,216</b>	<b>434,242</b>
<b>Loan Loss Reserves</b>	<b>11,583</b>	<b>12,216</b>	<b>556</b>	<b>657</b>	<b>12,139</b>	<b>12,873</b>
<b>Net Loan Portfolio</b>	<b>392,662</b>	<b>398,786</b>	<b>19,416</b>	<b>22,583</b>	<b>412,078</b>	<b>421,369</b>
<b>Loan Loss Reserves</b>					<b>93%</b>	<b>92%</b>
<b>% Past Due Loans</b>					<b>3.06%</b>	<b>3.22%</b>

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q14				
(Million Pesos)				
Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>190,978</b>	<b>1,054</b>	<b>144</b>	<b>192,177</b>
<b>Unrestricted</b>	<b>1,518</b>	<b>30</b>	<b>(6)</b>	<b>1,541</b>
CETES (Special)	-	-	-	-
CETES	342	7	0	349
BONDES	2,138	3	2	2,142
BPA	148	1	1	150
BREMS	-	-	-	-
Bonds	(511)	14	(6)	(503)
CBIC	-	-	-	-
Udibonds	(792)	4	(3)	(792)
UMS	193	2	1	196
Treasury Bonds	-	-	-	-
Treasury Notes	-	(0)	-	(0)
Other Government Securities	-	-	-	-
<b>Restricted</b>	<b>189,461</b>	<b>1,025</b>	<b>150</b>	<b>190,636</b>
CETES (Special)	-	-	-	-
CETES	977	-	0	977
BONDES	45,668	60	70	45,798
BPA	111,217	482	109	111,807
BREMS	-	-	-	-
Bonds	18,219	325	(38)	18,506
CBIC	-	-	-	-
Udibonds	13,379	158	10	13,547
UMS	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	0	-	-	0
<b>Banking Securities</b>	<b>30,675</b>	<b>42</b>	<b>52</b>	<b>30,768</b>
<b>Unrestricted</b>	<b>1,614</b>	<b>1</b>	<b>0</b>	<b>1,615</b>
Notes	1,024	0	(0)	1,024
CEDES	50	0	0	50
Stock Certificates	466	0	0	467
Structured Notes	(65)	-	(0)	(65)
Other Banking Securities	138	-	-	138
<b>Restricted</b>	<b>29,060</b>	<b>41</b>	<b>52</b>	<b>29,153</b>
Notes	5,894	-	9	5,902
CEDES	3,555	4	(0)	3,559
Stock Certificates	18,488	35	41	18,564
Structured Notes	63	-	2	65
Other Banking Securities	1,061	2	0	1,062
<b>Private Securities</b>	<b>10,860</b>	<b>19</b>	<b>309</b>	<b>11,188</b>
<b>Unrestricted</b>	<b>1,571</b>	<b>3</b>	<b>279</b>	<b>1,853</b>
Stock Certificates	450	1	(5)	446
PEMEX Bonds	2	0	0	3
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	155	2	6	164
GFNORTE stocks	-	-	-	-
BMV stocks	46	-	174	220
Mutual Funds stocks	886	-	105	991
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	31	-	-	31
<b>Restricted</b>	<b>9,290</b>	<b>16</b>	<b>29</b>	<b>9,335</b>
Stock Certificates	6,784	13	26	6,824
PEMEX Bonds	2,323	2	3	2,329
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	-	-	-	-
GFNORTE stocks	-	-	-	-
BMV stocks	182	-	0	182
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Total</b>	<b>232,513</b>	<b>1,115</b>	<b>505</b>	<b>234,133</b>

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q14				
(Million Pesos)				
Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>68,383</b>	<b>602</b>	<b>191</b>	<b>69,176</b>
<b>Unrestricted</b>	<b>8,619</b>	<b>28</b>	<b>(219)</b>	<b>8,428</b>
CETES (Special)	-	-	-	-
CETES	-	-	-	-
BONDES	99	0	0	100
BPA	129	1	(0)	130
BREMS	-	-	-	-
Bonds	253	4	(14)	243
CBIC	-	-	-	-
Udibonds	20	0	10	30
UMS	34	1	1	36
Treasury Bonds	-	-	-	-
Treasury Notes	1,086	5	(54)	1,036
Other Government Securities	6,998	17	(162)	6,853
<b>Restricted</b>	<b>59,764</b>	<b>574</b>	<b>411</b>	<b>60,748</b>
CETES (Special)	-	-	-	-
CETES	341	-	0	341
BONDES	0	0	-	0
BPA	50,521	371	219	51,111
BREMS	-	-	-	-
Bonds	4,056	76	(27)	4,105
CBIC	-	-	-	-
Udibonds	-	-	-	-
UMS	4,846	126	219	5,191
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Banking Securities</b>	<b>1,767</b>	<b>1</b>	<b>(18)</b>	<b>1,750</b>
<b>Unrestricted</b>	<b>248</b>	<b>0</b>	<b>(23)</b>	<b>225</b>
Notes	-	-	-	-
CEDES	-	-	-	-
Stock Certificates	-	-	-	-
Structured Notes	248	0	(23)	225
Other Banking Securities	-	-	-	-
<b>Restricted</b>	<b>1,519</b>	<b>1</b>	<b>4</b>	<b>1,524</b>
Notes	-	-	-	-
CEDES	0	(0)	-	0
Stock Certificates	1,519	1	4	1,524
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
<b>Private Securities</b>	<b>20,788</b>	<b>194</b>	<b>557</b>	<b>21,540</b>
<b>Unrestricted</b>	<b>8,970</b>	<b>16</b>	<b>(62)</b>	<b>8,924</b>
Stock Certificates	659	3	(125)	537
PEMEX Bonds	354	3	(12)	345
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	785	10	(3)	792
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	7,172	-	78	7,250
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Restricted</b>	<b>11,818</b>	<b>179</b>	<b>619</b>	<b>12,616</b>
Stock Certificates	2,046	4	2	2,051
PEMEX Bonds	8,635	158	493	9,286
Commercial Paper	-	-	-	-
Corporate Bonds	95	1	9	105
Euro Bonds	1,005	16	115	1,136
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	37	-	-	37
<b>Total</b>	<b>90,938</b>	<b>797</b>	<b>730</b>	<b>92,465</b>

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 3Q14				
(Million Pesos)				
Securities Held to Maturity	BOOK VALUE	INTEREST	xxxx	Market Value
<b>Government Securities</b>	<b>59,254</b>	<b>618</b>	-	<b>59,872</b>
<b>Unrestricted</b>	<b>51,719</b>	<b>554</b>	-	<b>52,273</b>
CETES (Special)	879	0	-	879
CETES	-	-	-	-
BONDES	399	1	-	399
BPA	-	-	-	-
BREMS	-	-	-	-
Bonds	1,667	32	-	1,699
CBIC	512	7	-	520
Udibonds	48,261	515	-	48,776
UMS	-	(0)	-	(0)
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Other Government Securities	-	-	-	-
<b>Restricted</b>	<b>7,535</b>	<b>63</b>	-	<b>7,599</b>
CETES (Special)	-	-	-	-
CETES	-	-	-	-
BONDES	0	-	-	0
BPA	7,535	63	-	7,598
BREMS	-	-	-	-
Bonds	0	0	-	0
CBIC	0	0	-	0
Udibonds	0	0	-	0
UMS	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Banking Securities</b>	<b>4,529</b>	<b>1,067</b>	-	<b>5,595</b>
<b>Unrestricted</b>	<b>4,529</b>	<b>1,067</b>	-	<b>5,595</b>
Notes	854	-	-	854
CEDES	1,432	932	-	2,364
Stock Certificates	1,155	7	-	1,162
Structured Notes	877	128	-	1,005
Other Banking Securities	211	0	-	211
<b>Restricted</b>	<b>(0)</b>	-	-	<b>(0)</b>
Notes	-	-	-	-
CEDES	-	-	-	-
Stock Certificates	(0)	-	-	(0)
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
<b>Private Securities</b>	<b>20,948</b>	<b>510</b>	-	<b>21,458</b>
<b>Unrestricted</b>	<b>16,218</b>	<b>496</b>	-	<b>16,714</b>
Stock Certificates	15,497	483	-	15,980
PEMEX Bonds	338	3	-	341
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	383	9	-	392
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Restricted</b>	<b>4,730</b>	<b>14</b>	-	<b>4,744</b>
Stock Certificates	4,287	14	-	4,301
PEMEX Bonds	-	-	-	-
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	-	-	-	-
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	443	1	-	443
Fair Value Adjustment lxe Banco	(65)	-	-	(65)
<b>Total</b>	<b>84,666</b>	<b>2,194</b>	-	<b>86,860</b>

REPURCHASE AGREEMENT OPERATIONS 3Q14					
(Million Pesos)					
	Repo Debtors				Repo Creditors
	MV Repo Debtors	VM Collateral received sold in Repo Trans	Debtor Balance	Creditor Balance	MV Repo Creditors
Government securities	37,066	37,061	5	-	249,439
Banking securities	5,036	5,036	0	0	28,984
Private Securities	15,403	15,405	4	5	17,639
<b>Total</b>	<b>57,505</b>	<b>57,502</b>	<b>8</b>	<b>6</b>	<b>296,061</b>

DERIVATES FINANCIAL INSTRUMENTS OPERATIONS 3Q14 (Million Pesos)	
Creditor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIIE 28 Futures	-
<b>Forward</b>	
Fx Forward	148
<b>Options</b>	
Rate options	546
Fx options	0
<b>Swaps</b>	
Rate sw ap	13,808
Fx sw ap	604
<b>Negotiable Total</b>	<b>15,106</b>
<b>Options</b>	
Rate Options	0
Fx options	-
<b>Swaps</b>	
Rate sw ap	16
Fx sw ap	229
<b>Hedging total</b>	<b>246</b>
<b>Position total</b>	<b>15,351</b>
Debtor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIIE 28 Futures	-
<b>Forward</b>	
Fx Forward	53
<b>Options</b>	
Rate options	472
Fx options	7
<b>Swaps</b>	
Rate sw ap	13,554
Fx sw ap	1,116
<b>Negotiable Total</b>	<b>15,201</b>
<b>Swaps</b>	
Rate sw ap	1,582
Fx sw ap	1,459
<b>Hedging total</b>	<b>3,041</b>
<b>Position total</b>	<b>18,242</b>

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q14- Banorte			
<i>(Million Pesos)</i>			
PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases	Exchange Rate (USD/MXN)	14,153
FX Forwards	Sales	Exchange Rate (USD/MXN)	9,756
FX Forwards	Purchases	Exchange Rate (CAD/MXN)	0
FX Forwards	Sales	Exchange Rate (CAD/MXN)	0
FX Forwards	Purchases	Exchange Rate (EUR/MXN)	0
FX Forwards	Sales	Exchange Rate (EUR/MXN)	0
FX Options	Purchases	Exchange Rate (Dollar)	3
FX Options	Sales	Exchange Rate (Dollar)	337
Interest Rate Options	Purchases	TIE	68,320
Interest Rate Options	Sales	TIE	113,415
Interest Rate Options	Purchases	LIBOR	2,176
Interest Rate Options	Sales	LIBOR	2,237
Interest Rate Swaps	USD LIBOR	LIBOR	194,676
Interest Rate Swaps	MXN TIE	TIE	1,178,580
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	24,188
Interest Rate and FX Swaps	CS USDCETE	CETE	0
Interest Rate and FX Swaps	CS EURMXN	FIX/VARIABLE	7,328

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	3Q13	3Q14	3Q13	3Q14	3Q13	3Q14	3Q13	3Q14
<b>Performing Loans</b>								
Commercial Loans	153,724	146,838	-	-	29,619	35,418	183,344	182,257
Financial Intermediaries' Loans	3,739	2,621	-	-	1,529	1,003	5,268	3,624
Consumer Loans	55,228	66,931	-	-	154	134	55,382	67,065
Mortgage Loans	77,593	85,366	345	299	1,482	1,338	79,421	87,003
Government Entities' Loans	90,295	104,089	-	-	229	907	90,524	104,995
Derechos de cobro Fiduciario	-	-	-	-	-	-	-	-
<b>Total</b>	<b>380,580</b>	<b>405,845</b>	<b>345</b>	<b>299</b>	<b>33,014</b>	<b>38,800</b>	<b>413,939</b>	<b>444,944</b>
<b>Past Due Loans</b>								
Commercial Loans	10,473	10,942	5	6	334	429	10,813	11,377
Financial Intermediaries' Loans	27	1	-	-	-	-	27	1
Consumer Loans	1,997	2,371	-	-	-	-	1,997	2,371
Mortgage Loans	893	1,145	71	35	49	21	1,013	1,202
Government Entities' Loans	14	-	-	-	0	-	15	-
<b>Total</b>	<b>13,405</b>	<b>14,460</b>	<b>77</b>	<b>41</b>	<b>383</b>	<b>450</b>	<b>13,865</b>	<b>14,951</b>
<b>Total Proprietary Loans</b>	<b>393,984</b>	<b>420,305</b>	<b>422</b>	<b>340</b>	<b>33,397</b>	<b>39,251</b>	<b>427,804</b>	<b>459,896</b>

COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q14- GFNorte		
(Million Pesos)		
	PERIOD COST	TOTAL PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	6.1	0.0
Mortgage FOVI	-	-
	<b>6.1</b>	<b>0.0</b>

At closing of this quarter the balance in debtors support programs totaled Ps 6 million without a cost for the period.



DEFERRED TAXES 3Q14			
(Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Excess of preventive reserves accounts over the fiscal limit	1,937	-	1,937
Non deductible provisions and cumulative income	559	-	559
Excess of accounting value over fiscal value on Repossessed Assets	978	-	978
Diminishable profit sharing	119	-	119
Fees received in advance	847	-	847
Effects from valuation of instruments	12	-	12
Tax losses pending amortization	1,647	-	1,647
Provisions for possible loss in loans	1,059	-	1,059
Loss on sale of foreclosed assets and credits	84	-	84
Decline in value of real estate	15	-	15
Interest on Loans	1	-	1
Reserve for employee retirement benefits	2	-	2
Diverse Creditors	142	-	142
Charge-off's Estimates	32	-	32
Additional Obligations for Employee benefits	0	-	0
Provisions for seniority premiums	8	-	8
Other	41	-	41
<b>Total Assets</b>	<b>7,482</b>	<b>-</b>	<b>7,482</b>
LIABILITIES			
Pension Funds Contribution	(1,123)	-	(1,123)
Loan Portfolio Acquisitions	(390)	-	(390)
Projects to be capitalized	(1,378)	-	(1,378)
Effects from valuation of instruments	(1,778)	-	(1,778)
Intangibles' amortizations	(22)	-	(22)
Increase for securities' valuation	(52)	-	(52)
Receivable interest from securities	(20)	-	(20)
Current Account Agents	(5)	-	(5)
Savings' Inventory	(11)	-	(11)
Savings' Inventory	(778)	-	(778)
Excess of the accounting value over the tax value of foreclosed assets and fix assets	(73)	-	(73)
Other	(6)	-	(6)
<b>Total Liabilities</b>	<b>(5,637)</b>	<b>-</b>	<b>(5,637)</b>
Assets (Liabilities) Accumulated Net	1,845	-	1,845

LONG TERM DEBT AS OF SEPTEMBER '14 - BANCO MERCANTIL (Million Pesos)									
TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds 2006	USD	13-oct-06	200	2,188	2,687	15 years	6.862%	13-oct-21	E/180 days
Senior Notes Due 2010	USD	19-jul-10	300	3,875	4,030	5 years	4.375%	19-jul-15	E/180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-mar-08	3,000	3,000	3,000	10 years	TIIE + 0.60%	27-feb-18	E/28 days
Non Convertible Subordinated Bonds Q Banorte 08-2	MXN	27-jun-08	2,750	2,750	2,750	10 years	TIIE + 0.77%	15-jun-18	E/28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-mar-08	447	1,749	2,315	20 years	4.950%	15-feb-28	E/182 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	08-jun-12	3,200	3,200	3,200	10 years	TIIE + 1.50%	27-may-22	E/28 days
Non-Preferred Non-Cumulative Subordinated Fixed Rate Notes due 2020	USD	14-oct-10	120	1,484	1,612	10 years	9.25%	14-oct-20	E/180 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q14 (Million Pesos)			
	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
LOANS FROM LOCAL BANKS		-	-
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY		-	-
LOANS FROM FOREIGN BANKS GENERATED FROM FOREIGN COUNTRY		100	100
LOANS FROM DEVELOPMENT BANKS	10,909	5,580	16,489
LOANS FROM PUBLIC FUNDS	7,194	920	8,114
CALL MONEY & LOANS FROM BANKS	16,595	-	16,595
LOANS FROM FIDUCIARY FUNDS	247		247
PROVISIONS FOR INTEREST		56	56
	<b>34,945</b>	<b>6,655</b>	<b>41,601</b>
ELIMINATIONS			(14,368)
<b>Total</b>			<b>27,233</b>

CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS - INTEREST RATES 3Q14	
CORE DEPOSITS (BANORTE)	
<b>DEMAND DEPOSITS</b>	
Local Currency and UDIs	0.54%
Foreign Currency	0.03%
<b>TIME DEPOSITS</b>	
Local Currency and UDIs	2.46%
Foreign Currency	0.62%
DUE TO BANKS & CORRESPONDENTS (BANORTE)	
<b>IMMEDIATE REDEMPTION LOANS</b>	
Local Currency and UDIs	2.99%
Foreign Currency	-
<b>OTHERS</b>	
Local Currency and UDIs	4.40%
Foreign Currency	1.71%

MAIN CREDIT LINES RECEIVED 3Q14 (BANORTE)					
<i>Million pesos</i>					
	3Q13	2Q14	3Q14	Change vs. 3Q13	Change vs. 2Q14
Banxico (Monetary Regulation Deposits)	28,504	28,504	30,977	9%	9%
Banxico (Repos with the System of Payments)	36,594	39,195	37,609	3%	(4%)
Call Money	63,350	65,650	65,650	4%	0%
<b>TOTAL</b>	<b>128,448</b>	<b>133,349</b>	<b>134,236</b>	<b>5%</b>	<b>1%</b>

TRADING INCOME 3Q14	
<i>Million Pesos</i>	
Trading income	Consolidated
<b>Securities - Unrealized gains</b>	<b>1269</b>
Negotiable instruments	499
Derivative instruments - Negotiation	781
Derivative instruments - Hedging	-12
<b>Impairment loss or revaluation increase</b>	<b>-54</b>
<b>Result from foreign exchange valuation</b>	<b>-16</b>
<b>Result from valuation of precious metals</b>	<b>3</b>
<b>Result from purchase/sale of securities and derivatives</b>	<b>1986</b>
Negotiable instruments	1201
Securities held for sale	495
Securities held to maturity	18
Derivative instruments - Negotiation	0
Derivative instruments - Hedging	271
<b>Result from purchase/sale of foreign exchange</b>	<b>859</b>
<b>Result from purchase/sale of precious metals</b>	<b>4</b>
<b>Transaction costs</b>	<b>0</b>
<b>Intermediation of received collateral</b>	<b>-4</b>
<b>Increase derived from trading income adjustments</b>	<b>0</b>
<b>Total</b>	<b>4,045</b>

- **Risk Management**

**AUTHORIZED BODIES**

For proper Risk management, the Board of Directors established since 1997 the Risk Policy Committee (CPR) to manage the risk that the Holding company is exposed to as well as to monitor the performance of operations and that it sticks to the objectives, policies and procedures for risk management.

In addition, the CPR monitors the overall limits of risk exposure approved by the Board of Directors, in addition to approving specific risk limits for exposure to different types of risk.

The CPR is integrated with proprietary members of the Board, the CEO, the Directors of the entities, Risk Management and Audit, this last one participates with voice but no vote.

For the adequate performance of its objective, the CPR plays, among others, the following functions:

1. Propose for approval by the Board:

- The objectives, guidelines and policies for overall risk management.
- The global limits for risk exposure.
- The mechanisms for the implementation of corrective actions.
- The cases or special circumstances which may exceed the overall limits as much as the specifics.

2. Approve and review at least once a year:

- Specific limits for discretionary risks and the risk tolerance levels for non-discretionary.
- The methodology and procedures to identify, measure, monitor, limit, control, report and disclose various types of risk to which the holding company is exposed to.
- The models, parameters and settings used to carry out the valuation, measurement and control of risks proposed by the unit for comprehensive risk management.

3. Approve:

- The methodologies for the identification, valuation, measurement and control of risks of new business, products and services that the holding intends to offer to the market.
- The corrective actions proposed by the drive for comprehensive risk management.
- Manuals for comprehensive risk management.
- The technical evaluation aspects of risk management.

4. Appoint and remove the unit responsible for overall risk management, it is ratified by the Board.

5. Report to the Board at least quarterly, the risk exposure and its possible negative effects and follow-up to the limits and tolerance levels.

6. Report to the Board on corrective actions taken.

**UNIT FOR INTEGRAL RISK ADMINISTRATION (UAIR)**

The UAIR helps identify, measure, monitor, limit, control, report and disclose various types of risk to which the Holding Company is exposed and is in charge of the Risk Management department (DGAR).

The DGAR reports to CPR, in compliance with the provisions of the Circular of the Commission called "prudential provisions in the Field of Risk Management applicable to Credit Institutions", as to the independence of business areas.

The DGAR routes efforts and has methodologies for:

- Credit Risk Management;
- Operational Risk Management;
- Market Risk Management;
- Liquidity and Capital Risk Management;

The main objectives of the DGAR can be summarized as follows:

- Provide different business areas clear rules that contribute to its correct understanding to minimize risk and ensure to be within the parameters established and approved by the Board of Directors and the Risk Policy Committee.
- Establish mechanisms to monitor the risk taking within the Holding trying to mostly be a timely and supported by advanced systems and processes.
- Standardize measurement and risk control.
- Protect the Holding's capital against unexpected losses from market movements, bankruptcies, credit and operational risks.
- Develop pricing models for different types of risks.
- Establish procedures for portfolio optimization and management of credit portfolio.

The Financial Group has divided risk assessment and risk management in the following areas:

Credit Risk: revenue volatility due to loan loss provisions for impaired loans, and, expected losses on borrower or counterparty defaults.

Market Risk: revenue volatility due to market changes, which affect the valuation of positions for active operations, liabilities or causes of contingent liabilities, such as: interest rates, exchange rates, price indices, etc.

Liquidity Risk: potential loss by the impossibility of renewing liabilities or hiring others to the Holding in normal conditions, by early or forced sale of assets at unusual discounts to meet their obligations.

Operational Risk: loss resulting from inadequate or failed processes, personnel, internal systems or external events. This definition includes technological risk and legal risk. Technological Risk groups all those potential losses from damage, interruption, disruption or failures resulting from use of or reliance on hardware, software, systems, applications, networks and any other distribution channel information, while the legal risk involves the potential loss by sanctions for noncompliance with laws and administrative or judicial decisions unfavorable issue appealed in relation to the Holding operations performed.

### **Credit Risk**

It is a risk that clients, issuers or counterparts do not fulfill their payment obligations therefore, proper management is essential to maintain the loan quality of the portfolio.

The objectives of credit risk management at GFNorte are:

- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk-performance (yield) ratio
- Provide Executive Management with reliable, timely information to assist decision making regarding loans.
- Provide the Business Areas with clear and sufficient tools to support loan placement and follow-up.
- Create economic value for shareholders by efficient loan risk management.
- Define and keep updated the regulatory framework for the credit risk management.
- Comply with the information requirements that the authorities set forth regarding loan risk management.
- Perform risk management in accordance with the best practices, implementing models, methodologies, procedures and systems based on the main advances worldwide.

### **Individual Credit Risk**

GNorte separates the loan portfolio into two large groups: consumer loans and company loans.

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

Individual risk for companies is identified within the portfolio, measured and controlled by means of Objective Markets, the Criteria for Risk Acceptance, Early Alerts and Banorte's Internal Risk Rating (CIR Banorte).

The Objective Markets, Criteria for Risk Acceptance and the Early Alerts are tools that, together with the Internal Risk Rating are part of GFNorte's Loan Strategy and support the estimated level of credit risk.

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

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

Early Alerts are a set of criteria based on borrower information and indicators and their conditions that were established as a mechanism for the timely prevention and identification of a probable deterioration in the loan portfolio, thereby enabling the institution to take prompt preventive actions to mitigate the credit risk.

Banorte's CIR is a rating methodology for the borrower which assesses quantitative and qualitative criteria in order to determine the credit quality and it is applied to commercial loans equal to or greater than an amount in Mexican pesos equivalent to four million investment units on the qualification date.

### Portfolio Credit Risk

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

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

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

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

The results are risk measures such as the expected and unexpected loss at a one-year horizon. The expected loss is the credit portfolio's loss distribution average, which is used to measure the following year's expected loss due to non-compliance or variations in debtors' credit quality. This unexpected loss is an indicator of the loss that could be expected in extreme scenarios and is measured as the difference between the maximum loss given the distribution of losses, at a specific reliability level that in the case of the Banking Sector is 95%, and the expected loss.

The results obtained are used as a tool for better decision-making in granting loans and in the diversification of the portfolio, according to the Banks' global strategy. The individual risk identification tools and the portfolio credit risk methodology are periodically checked and updated to allow the application of new techniques that may support or strengthen them.

As of September 30, 2014, Banco Mercantil del Norte's total portfolio was Ps 433.52 billion. The expected loss represents 2.1% and the unexpected loss is 3.3% with respect to the total portfolio. The average expected loss is 2.1% during the period between July-September 2014.

Regarding Casa de Bolsa Banorte-Ixe's, the credit exposure of investments is Ps 60.22billion and the expected loss represents 0.01% of the exposure. The average expected loss is 0.01% between July-September 2014.

The total portfolio of Arrendadora and Factor, including pure leasing is Ps 20.78 billion. The expected loss represents 0.8% and the unexpected loss is 3.1% of the total portfolio. The prospective loss average represents 0.9% in the period of July-September 2014.

The total portfolio of Solida Administradora de Portafolios was Ps 4.26 billion. The expected loss of the portfolio represents 6.0% and the unexpected loss 9.3% both with respect to the total portfolio. The estimated loss average for the period of July-September 2014 was 32.0%.

The total portfolio of Banorte Ixe Tarjetas is Ps. 22.55 billion. The expected loss represents 11.4% and the unexpected loss 10.8% both with regard to the total portfolio. The estimated loss average represents 11.6% for the period of July-September 2014.

### Credit Risks of Financial Instruments

To identify, measure, supervise and control loan risks of financial instruments there are defined policies for Origination, Analysis, Authorization and Administration.

Origination policies define the types of financial instruments, as well as the method of evaluating the credit risk of the different types of originators / issuers and counterparts. Credit risk is assigned by means of a rating obtained with an internal methodology, through evaluations of external rating agencies or a combination of both. Maximum parameters of operation are also defined depending on the type of originator / issuer or counterpart, rating and type of operation.

Analysis policies include the type of information and the variables considered to analyze operations with financial instruments when they are presented for authorization to the corresponding committee, including information on the originator or counterpart, financial instrument, destination of the operation inside the group and market information.

The Loan Committee authorizes operation lines with financial instruments in accordance with Authorization policies. The request for authorization is submitted to the business sector and other sectors involved in the operation, with all the relevant information for analysis by the Committee who, if considered appropriate, issues its authorization.

Administration policies for transactions with financial instruments consider procedures of Admission, Instrumentation, Compliance with Regulations, Review, Consumption Monitoring, Administration of Lines and Responsibility by the areas and organisms involved in the operation with financial instruments.

On an individual level, the concentration of loan risk with financial instruments is managed on a continuous basis, establishing and monitoring maximum parameters of operation for each tally or originator depending on the qualification and type of operation. There are defined risk diversification policies for portfolios, for economic groups and internal groups. Additionally, the concentration of tally type or originator, size of financial institutions and the region in which it operates are monitored so that an appropriate diversification is obtained and undesired concentrations are avoided.

Credit risk is measured by means of the rating associated with the issuer, emission or tally, which has assigned a level of risk based on two fundamentals:

- 1) The probability of nonfulfillment of the originator, emission or counterpart, which is expressed as a percentage between 0% and 100% where the better the rating or lower rate differential vs. the instrument of a government bond equivalent the lower the probability of nonfulfillment and vice versa.
- 2) The severity of the loss that could be experienced with regard to the total of the operation in the event of nonfulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the smaller the severity of the loss and vice versa. To mitigating loan risk and to reduce the severity of losses in the event of non-fulfillment, the counterparts have signed ISDA contracts and agreements to net out, in which lines of credit and the use of collateral to mitigate loss in the event of non-fulfillment are implemented.

As of September 30, 2014, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 266.59 billion, of which 99.6% is rated higher or similar to A-(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 10% of the Tier 1 Capital as of June 2014. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital as of June 2014 has similar rating to AAA(mex) and is comprised of (average considered term, amount in billions of pesos and rate): market and bond certificates from Pemex to 7 years and 1 month for Ps. 14.77 to 3.2%; Inbursa market certificates for 2 years and 3 months for Ps 7.63 at 3.4%; market certificates and promissory notes from Banobras for 9 months for Ps 5.98 billion at 3.1%; and deposit and market certificates and promissory notes from Banco Santander Mexico for 9 months for Ps 3.80 billion at 3.2%

The exposure of Derivatives is Ps (3.51) billion, of which 95.9% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 2% of the Tier 1 Capital of June 2014.

The exposure to credit risk for Securities Investments of Casa de Bolsa Banorte-Ixe was Ps 60.22 billion, of which 99.9% is rated higher or similar to A+(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 18% of the Capital as of June 2014. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Capital as of June 2014 has a higher or similar rating to A+(mex) and is comprised of (average considered term, amount in billion/million of pesos and rate): market certificates of Pemex to 2 years and 5 months for Ps 2.33 billion at 3.3%; market certificates of Banco Inbursa to 1 year and 3 months for Ps. 1.82 billion at 3.4%; Scotiabank market certificates for 1 year for Ps 934 million at 3.4%; Banco del Bajío deposit certificates to 4 months for Ps 492 million at 3.5%; Deutsche Bank bonds to 8 years and 8 months for Ps 394 million at 10.5%. In the case of derivatives, there are no operations.

Arrendadora y Factor Banorte does not have investments in securities or derivatives.

Exposure to risk of securities of Solida Administradora de Portafolios was Ps 179 million. The 100.0% is distributed in banking instruments. The Institution does not hold positions in derivative instruments.

Banorte-Ixe Tarjetas does not hold investments in securities nor derivatives.

### Risk Diversification

In December 2005, the CNBV issued "General Rules Applied to Credit Institutions" in relation to Risk Diversification.

These guidelines state that the institutions must carry out an analysis of their borrowers and/or loans to determine the amount of "Common Risk"; also, the institutions must have the necessary information and documentation to prove that the person or group of persons represent common risk in accordance with the assumptions established in those rules.

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

<b>Tier 1 as of June 30, 2014</b>	<b>65,624</b>
<b>I. Financings whose individual amounts represent more than 10% of basic equity</b>	
<u>Loan Operations</u>	
Number of financings	2
Total amount of financings	16, 629
% in relation to Tier 1	25%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to Tier 1	0%
<u>Overnight Operations</u>	
Number of financings	1
Total amount of financings	9,509
% in relation to Tier 1	14%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>34,065</b>



In compliance with the rules of diversification of risks in active and passive operations, the following information corresponds to Leasing and Factoring (Arrendadora y Factor Banorte) in million pesos:

<b>Equity as of June 30, 2014</b>	<b>3,535</b>
<b>I. Financings whose individual amounts represent more than 10% of equity</b>	
<u>Loan Operations</u>	
Number of financings	6
Total amount of financings	4,120
% in relation to equity	117%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Overnight Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>4,597</b>

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to Solida Administradora de Portafolios (million pesos):

<b>Equity as of June 30, 2014</b>	<b>2,464</b>
<b>I. Financings whose individual amounts represent more than 10% of equity (on a group level):</b>	
<u>Loan Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Overnight Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>632</b>

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to Banorte-Ixe Tarjetas (Million Pesos):

<b>Equity as of June 30, 2014</b>	<b>5,041</b>
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**I. Financings whose individual amounts represent more than 10% of basic equity (on a group level):**

Loan Operations

Number of financings	0
Total amount of financings	0
% in relation to equity	0%

Money Market Operations

Number of financings	0
Total amount of financings	0
% in relation to equity	0%

Overnight Operations

Number of financings	0
Total amount of financings	0
% in relation to equity	0%

<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>4</b>
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**Market Risk**

The exposure to market risk is determined through the calculation of the Value at Risk ("VaR"). The meaning of the VaR under this method is the potential loss which could be generated in the valuation of the portfolios at a given date. This methodology is used both for the calculation of market risk and for the establishment and control of internal limits.

In order to calculate the Value at Risk (VaR), the Institution applies the nonparametric historical simulation method, considering for such purpose a 99% confidence level, using the 500 immediate historical scenarios, multiplying the result by a security factor that fluctuates between 3 and 4 depending on the annual Back Testing results calculated up to the previous quarter, also considering 10 days to break up the risk portfolio in question. These measures make it possible to insure considering unforeseen volatilities in the main risk factors that affect such portfolios.

Such methodology is applied to all financial instrument portfolios within and beyond the balance, including money market and treasury transactions, capital, foreign-exchange and derivatives held for trading and hedging purposes, which are exposed to variations in their value due to changes in the risk factors affecting their market valuation (domestic and foreign interest rates, exchange rates and indexes, among others).

The average VaR for the third quarter of 2014 for the portfolio is Ps 6.26 billion.

Million Pesos	3Q13	4Q13	1Q14	2Q14	3Q14
Total VaR*	4,473	4,616	5,149	5,389	6,261
Net Capital **	67,411	69,619	72,938	73,493	75,791
VaR / Net Capital	6.64%	6.63%	7.06%	7.33%	8.26%

\* Quarter Average of Banorte

\*\* Net capital of the Banking Sector is the arithmetic sum of the net capitals of Banorte

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Banorte Bank, during the third quarter of 2014 is shown below:

**Million pesos**

<b>Risk Factor</b>	<b>VaR</b>
Domestic interest rate	5,494
Foreign interest rate	1,310
IPC	97
Exchange rate	501
Total VaR - Bank	6,261

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

• **Backtesting Analysis**

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

• **Sensitivity Analysis and Extreme Conditions Test**

To enrich the analysis and to obtain the desired impact that movements on risk factors may have on positions, sensitivity analyzes and tests under extreme conditions are periodically implemented. These analyzes prevent the Institution from negative situations that could arise in which extraordinary losses result from the valuation of financial instruments in position.

**Banorte Ixe Tarjetas**

The average VaR of Banorte-Ixe Tarjetas for 3Q14 is Ps 2.81 billion which represents +0.0% of the Institution's Net Capital as of September 2014. This risk calculation is presented as informative, since the institution invested its resources in repo operations, promissory notes and checkbooks for a day, which are instruments that have no movements in its valuation.

For their calculation, the Historical Simulation methodology was used with 501 horizon days, and as a policy, calculations were carried out with trust levels of 98% with a horizon time of 10 days, this value is multiplied by a security factor which fluctuates between 3 and 4, accordingly to annual Back Testing results.

<b>BANORTE-IXE TARJETAS</b>		<b>Total</b>
<b>VaR Balance.</b>		<b>3Q14</b>
<b>Million Pesos</b>		
	<b>Average</b>	<b>Closing</b>
<b>VaR Balance</b>	0.00	0.00
<b>Net Capital *</b>		3,380.33
<b>VAR / Net Capital</b>	<b>0.00%</b>	<b>0.00%</b>

\*Previous net Capital as of closing September 2014

➤ **Liquidity Risk and Balance**

In response to the Banking Sector's need to measure global Liquidity Risk and to have consistent follow-up, the Banks us financial ratios, such as the Liquidity Ratios (Liquid Assets / Liquid Liabilities). Liquid Assets include

availabilities, securities to negotiate and securities available for sale. Liquid Liabilities include demand deposits, demand interbank loans and short-term interbank loans. The liquidity ratio for Banorte at closing of 3Q14 is 118.1%, while the average for the quarter is 116.0%.

Million Pesos (at the end of the quarter)	3Q13	4Q13	1Q14	2Q14	3Q14
Liquid Assets	267,068	255,285	315,043	324,274	324,059
Liquid Liabilities	237,260	257,596	251,164	269,633	274,488

Liquidity Ratio	112.60%	99.10%	125.40%	120.30%	118.10%
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Million Pesos (average)	3T13	4Q13	1Q14	2Q14	3Q14
Liquid Assets	254,324	249,265	302,080	317,154	311,896
Liquid Liabilities	221,354	237,931	245,161	252,417	268,969

Liquidity Ratio	114.90%	104.80%	123.20%	125.60%	116.00%
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For liquidity risk quantification and follow-up, the Banking Sector uses for the dollar portfolios, the criteria that the Bank of Mexico established for developing the Liquidity Coefficient, which makes it possible to evaluate the differentials between asset and liability flows in different periods of time. This promotes a healthier distribution of terms for these assets.

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

The structural risk of the Balance is evaluated using the analysis of balance simulation, among others, which allows the evaluation of future static or dynamic behavior in the Balance Sheet. It analyzes sensitivity to movements in domestic, foreign and real rates obtaining the impact that they have on the Economic Value and on the Net Interest Income. Likewise, tests are conducted under extreme conditions wherein the result of extreme changes is evaluated on rates, funding and exchange rates.

Projections are periodically compared with real data as a measure of evaluation of the effectiveness of the simulation model. These tests make it possible to evaluate the suppositions and methodology used, and if necessary, adjust them.

With the objective of strengthening follow-up of risk, early detection alarms have been determined, which allow the anticipation of problems and if necessary, put contingency plans into action.

The liquidity ratio vs. Net Capital of Casa de Bolsa Banorte Ixe as of September 30, 2014 is 89.85%.

CASA DE BOLSA BANORTE IXE, S.A. DE C.V.	USE
Liquidity Risk	
Million Pesos	4Q13
Accumulated gap in 1 month (MXP + UDIS)	978
Liquid Assets	1,921
Net Capital	2,138
Liquidity vs. Capital	89.85%

The liquidity ratio vs. Net Capital of Arrendadora y Factor Banorte as of September 30, 2014 is 0.28%.

ARRENDADORA Y FACTOR BANORTE	USE
Liquidity Risk	
Million Pesos	3Q14
Accumulated gap in 1 month (MXP)	(2,437.29)
Accumulated gap in 3 months (MXP)	1,347.59
Liquid Assets*	10.46
Net Capital	3,696.27
Tier 1 Capital	3,696.27
Liquidity vs. Net Capital	0.28%
Liquidity vs. Tier 1 Capital	0.28%

\*Balance in Cash

The liquidity ratio vs. Net Capital of Solida Administradora de Portafolio as of September 30, 2014 is 5.16%

Solida Administradora de Portafolios	USE
Liquidity Risk	
Million Pesos	3Q14
Accumulated gap in 1 month (MXP)	(5,508)
Accumulated gap in 3 months (MXP )	(8,836)
Liquid Assets*	207
Net Capital	4,007
Tier 1 Capital	4,007
Liquidity vs. Net Capital	5.16%
Liquidity vs. Tier 1 Capital	5.16%

\*Balance in Banks

The liquidity ratio vs. Net Capital for Banorte- Ixe Tarjetas as of September 30, 2014 is 0.71%

Banorte Ixe Tarjetas	USE
Liquidity Risk	
Million Pesos	3Q14
Accumulated gap in 1 month (MXP)	4,161
Accumulated gap in 3 months (MXP)	3,930
Liquid Assets*	24
Net Capital	3,380
Tier 1 Capital	3,380
Liquidity vs. Net Capital	0.71%
Liquidity vs. Tier 1 Capital	0.71%

\*Balance in Banks

➤ **Operational Risk**

GFNorte has a formal Operational Risk department pertaining to the "Managing Director" Operational Risk Administration".

Operational Risk is defined as the potential loss due to failures or deficiencies in the internal controls, errors in operation processing and storing or in data transmitting, as well as to adverse administrative and judicial rulings, fraud or theft (this definition includes Technological and Legal risk).

The objectives of the Operational Risk Management are: a) To allow and support the organization to reach its institutional objectives through the prevention and management of operational risks; b) To insure that the existing operational risks and the required controls are duly identified, assessed and in line with the risk strategy established by the organization; and c) To insure that the operational risks are duly quantified in order to make the proper capital allocation per operational risk.

**Pillars of Operational Risk Management**

**I. Policies, Objectives and Guidelines**

As part of the institutional regulations, there are documented policies, objectives, guidelines, methodologies and responsible areas in Operating Risk management.

The Operating Risk Directorship maintains close communication and coordination with the Regulatory Comptrollership in order to facilitate effective Internal Control in which the proper procedures and controls are established that will mitigate Operating Risk in the processes, and provide follow up through the Internal Audit Department.

The Regulatory Comptrollership, as part of the Internal Control System, carries out the following activities to mitigate risk: a) Internal control validations; b) Institutional regulations management and control; c) Monitoring of operating processes' internal control by means of control indicators reports, that are reported by the process comptrollers in the various areas; d) Money Laundering Prevention process management; e) Control and follow up of the regulatory provisions; and f) Analysis and assessment of the operating processes and projects with the participation of the responsible directors of each process in order to insure adequate internal control.

**II. Quantitative and Qualitative Measuring Tools**

### Operating Losses Database

To record operating loss events, has a system that enables the central information supplier areas to directly record such events online, which are classified by Type of Event in accordance with the following categories:

Types of Events	Description
Internal Fraud	Losses derived from a type of action intended to defraud, unlawfully take goods or sidestep regulations, laws or company policies (excluding diversity/discrimination events) in which at least one company party is involved.
External Fraud	Losses derived from a type of action intended to defraud, unlawfully take goods or sidestep the laws, caused by a third party.
Labor Relations and Safety in the Workplace	Losses caused by acts that are incompatible with the legislation or labor agreements regarding hygiene or safety, the payment of personal damage claims, or cases associated with diversity/discrimination.
Customers, Products & Business Practices	Losses caused by involuntary noncompliance or negligence of a professional obligation to specific customers (including fiduciary and adjustment requirements), or due to the nature or design of a product.
Natural Disasters and Other Events	Losses caused by damage or harm to material assets as a consequence of natural disasters or other events.
Incidences in the Business and Systems Failures	Losses caused by incidences in the business and systems failures
Process Execution, Delivery and Management	Losses caused by errors in operations processing or management, as well as the relations with commercial counterparties and providers.

This historical Database provides the statistics of the operating events in which the institution has incurred so as to be able to determine their trends, frequencies, impact and distribution. Moreover, the Database will make it possible in the future to have enough information to calculate the capital requirements per Advances Models.

### • **Legal and Fiscal Contingencies Database**

For the recording and follow-up of legal, administrative and tax issues that may arise from adverse unappealable ruling, an internal system called "Legal Risk Issues Monitoring System" (SMARL) was developed. This system enables the central data supplying areas to record such events directly and on-line, which are then classified by company, sector and legal issue, among others.

As part of GFNorte's legal risk management, legal and fiscal contingencies are estimated by the attorneys that process the issues based on an internal methodology. This makes it possible to create the necessary book reserve to face such estimated contingencies.

### • **Risk Management Model**

GFNorte has defined objectives, which are achieved through different plans, programs and projects. Compliance with such objectives may be adversely affected due to operating risks, for which reason a methodology must be in place to manage them within the organization. Consequently, operating risk management is now an institutional policy defined and supported by senior management.

To perform Operating Risk Management, each of the operating risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by the Regulatory Comptrollership are processed in order to eliminate or mitigate them (seeking to reduce their severity or frequency) by defining tolerance levels, as the case

may be. At present, work is being done on developing a new Institution Operating Risk Management Model and the technological tools needed to implement it.

### **III. Required Capital Calculation**

In accordance with the Capitalization for Operational Risk Regulations in effect, the institution has adopted the Basic Model, which is calculated and reported periodically to the authorities.

### **IV. Information and Reporting**

The information generated by the Database and the Management Model is processed periodically to report to the Risk Policies Committee and the Board of Directors regarding the main operating events that were detected, the trends, identified risks and their mitigating strategies. Reporting is also done on the status of the main Operating Risk mitigation initiatives implemented by the various areas of the organization.

#### **➤ Technology risk**

Technological Risk is defined as all potential losses from damage, interruption, alteration or failures derived from the use of or dependence on hardware, software, systems, applications, networks and any other information distribution channel in the rendering of banking services to the customers. This risk forms an inherent part of Operating Risk, which is why its management is handled collectively throughout the entire organization.

To address the Operating Risk associated with information integrity, and "Integrity Committee" has been created. Its objectives are to align security and information control efforts under a prevention focus, to define new strategies, policies, processes or procedures and to provide solutions to information security issues that affect or may affect the Institutional patrimony.

The functions established by the CNBV or Technology Risk Management are performed by the Institution under institution regulatory and Integrity Committee guidelines.

To address the Operating Risk caused by high impact external events, GFNorte has a Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) based on a same-time data replication system at an alternate computer site. All the above cover the backup and recovery of the Institution's critical applications in the event of any relevant operating contingency.



➤ **Legal risk**

Legal Risk is defined as the potential loss from failure to comply with the applicable legal and administrative provisions, the issuance of indisputable unfavorable court rulings and the application of penalties regarding the operations that the institution performs.

The Legal Risk must be measured as an inherent part of Operating Risk in order to understand and estimate its impact. Therefore, those legal issues which result in actual operating losses of the SMARL system are later recorded in the SCERO a database of operational events.

Based on the statistics of the current legal issues and real loss events, the Institution can identify specific legal or operating risks, which are analyzed in order to eliminate or mitigate them in an attempt to reduce or limit their future occurrence or impact.

● **Internal Control**

The companies comprising GF Banorte have an Internal Control System (SCI) that has been structured according to the guidelines set forth by their Board of Directors, which establishes a general internal control framework, as well as the environment in which it must operate in order to provide reasonable security regarding the effectiveness and efficiency objectives of the operations, reliability on financial statements and compliance of regulation and legal framework.

The SCI's mission is to help running an adequate internal control in the operations and in data generating and recording. The system is made up of various elements:

- A. The Board of Directors with the support of the Advisory Board, Management Committee, Risk Policies Committee (CPR), Audit and Corporate Practices Committee (CAPS), Human Resources Committee and Designation Committee.
- B. The CEO and the departments which support him: Unit Risk Management (UAIR), Legal Department and the Comptroller, responsible for ensuring that adequate control levels, operational risks and compliance with regulation are maintained.
- C. Internal Audit, External Audit and the Commissary (The Commissary applies only to GFNorte subsidiaries) as additional support structures to check how the Internal Control System functions and provide reasonable assurance regarding the reliability of the generated data. The Internal Audit Department reports to the Audit and Corporate Practices Committee (CAPS) and maintains full independence from the administrative areas.
- D. The Executive Group as main responsible persons for SCI assurance according to the functions and responsibilities assigned to them. In addition to promoting the enforcement of the regulations established for the Institution and the strategies set forth by the GFNorte's CEO.
- E. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations. Code of Conduct that regulates the behavior that each Board member, officer or employee of the Group should assume while performing their activities.
- F. Policy and procedure manuals that regulate documentation, recording and liquidation of operations that the Institution carries out and establish the control points that should be observed, assuring the separation of functions, clear assigning of responsibilities, safekeeping of information and prevention of unlawful acts.

During the third quarter of 2014, activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

- A. **In Corporate Governance.** The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. **Internal Control Monitoring.** Through Process and Management Controllers, various business and support processes that make up the operation in GFNorte are monitored, to report periodically on compliance and identifying where areas of opportunity for timely remediation.
- C. **Regulatory Reports.** The Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.

- D. **Internal Regulations' actualization.** The policies and procedure manuals have been updated as per the changes in external regulations (mainly those that come from the financial reform), new products, and changes in the Institution's processes or improvements to internal controls.
- E. **Improvement Actions.** Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCl.
- F. **Accounting Internal Control.** During the quarter, and according to the work plan developed at the beginning of the year, various activities in terms of accounting internal control were carried out.
- G. **Institutional Projects and Technological Maintenance.** Requests regarding internal control subjects from diverse internal departments were handled, to the development of new institutional projects and technological maintenance.
- H. **Changes to External Regulation.** The impact analysis due to regulatory changes issued in the quarter was made, as well as the working plan for its implementation.

## FINANCIAL SITUATION AND LIQUIDITY

### • Treasury Policy

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

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

### • Internal and External Liquidity Sources

The internal liquidity sources, in local as well as foreign currency, come from the various deposit products that the institution offers its customers: checking accounts and term deposits.

Regarding external sources of liquidity, it has diverse mechanisms to access the debt and capital markets. The Institution obtains resources through the issuance of debt securities, loans from other institutions - including the Central Bank and international organisms -, as well as from the issuance of subordinated debt. Also considered is the liquidity that the Institution obtains through its proprietary repos' securities that qualify for this type of transactions. It also has the alternative of obtaining resources through the issuance of shares representing equity.

Currently, the Institution has diverse sources of liquidity. Deposits, including interest bearing and non-interest bearing demand and time deposits, are the bank's main source of liquidity. Negotiable and short term instruments, such as government securities and deposits in the Central Bank and other banks, are liquid assets that generate interest. Liquid assets also include deposits in foreign banks, which are denominated mainly in US dollars.

Detailed information related to liquidity sources is reported in different headings of the GFNorte's Balance Sheet in this report

### • Dividend Policy

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

On October 17, 2011, the Ordinary General Shareholders' Meeting approved to modify the Dividend Policy, for the purpose of aligning dividend payments to the Financial Groups' business performance, so as of this year, dividend payments will be as follows:

- i. 16% of recurring net income in the event that profit growth is between 0% and 10% during the year.
- ii. 18% of recurring net income in the event that profit growth is between 11% and 20% during the year.
- iii. 20% of recurring net income in the event that profit growth is greater than 21%.

- **Related Parties Loans**

According to Article 73 of the Law of Credit Institutions, loans granted to related parties of credit institutions cannot surpass the established limit of 35% of the basic part of the net capital.

In GFNorte as of September 30 and June 30, 2014, the amount of loans granted to third parties is as follows (million pesos):

<b>Institution granting the loan</b>	<b>Sep-2014</b>	<b>% of the limit</b>	<b>Jun-2014</b>	<b>% of the limit</b>
Banorte	Ps 3.99	17.4%	Ps 4.07	18.6%
	<b>Ps 3.99</b>		<b>Ps 4.07</b>	

The loans granted are under the 100% limit set forth by the LIC.

**Banorte.**

As of **September 30, 2014**, the total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 3.99 billion (including Ps 443 million in — Credit Letters "CC", which are registered in memorandum accounts), representing 0.9% of Banorte's total loan portfolio (excluding the balance of CC and Support to Federal Government Housing Debtors). Of the total related loans, Ps 2.71 billion were loans granted to clients linked to members of the Board of Directors; Ps 936 million were granted to clients linked to shareholders and Ps 350 million were linked to companies related to GFNorte.

In accordance with Article 73 of the Law of Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at closing of September 2014 was 17.4% of the limit set by Banco de Mexico which is equivalent to 35% of the basic part of net capital.

Related parties loans have been granted with market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNorte's loan portfolio based on the general dispositions applicable to credit institutions with regard to rating of loan portfolios issued by CNBV and the internal methodology authorized by CNBV, to rate borrowers in the commercial loan portfolio. 99% of the related party loans were rated in Category "A", and the majority of these loans were classified as commercial loans.

As of **June 30, 2014**, the total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 4.07 billion (including Ps 428 million in — Credit Letters "CC", which are registered in memorandum accounts), representing 1.0% of Banorte's total loan portfolio (excluding the balance of CC and Support to Federal Government Housing Debtors). Of the total related loans, Ps 2.82 billion were loans granted to clients linked to members of the Board of Directors; Ps 883 million were granted to clients linked to shareholders and Ps 367 million were linked to companies related to GFNorte.

In accordance with Article 73 of the Law of Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at closing of June 2014 was 18.6% of the limit set by Banco de Mexico which is equivalent to 35% of the basic part of net capital.

Related parties loans have been granted with market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNorte's loan portfolio based on the general dispositions applicable to credit institutions with regard to rating of loan portfolios issued by CNBV and the internal methodology authorized by CNBV, to rate borrowers in the commercial loan portfolio. 99% of the related party loans are rated in Category "A", and the majority of these loans were classified as commercial loans.

- **Loan or tax liabilities**

The tax credits listed below are currently in litigation:

	As of December 31, 2013
<b>BANORTE</b>	<b>\$29</b>
IMSS fees, various occupations	6
INFONAVIT fees, various occupations	23
<b>BROKERAGE</b>	<b>\$35</b>
Fiscal year 2007 (document 900 06 05-2010-03968)	35
<b>SEGUROS BANORTE GENERALI, S. A. DE C. V.</b>	<b>\$15</b>
Fiscal year 2003 (document 900-06-01-2009-9518)	15
<b>IXE BANCO</b>	<b>\$13</b>
Income Tax-Profit Sharing for the 2005 fiscal year – inflation adjustment	13
Million pesos	

- **People in Charge**

The undersigned represent under oath that, within the scope of our respective functions, we have drawn up the information relative to Grupo Financiero Banorte contained in this report, which, to the best of our knowledge, reasonably reflects its situation. Furthermore, we express that we are not aware that relevant information has been omitted or falsified in this quarterly report or that it contains information that may lead to errors to investors

Dr. Alejandro Valenzuela del Rio  
Chief Executive Officer of Grupo Financiero Banorte, S. A. B. de C. V.

Lic. David Ricardo Suarez Cortazar  
Chief Financial Officer

Lic. Isaias Velazquez Gonzalez  
Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo  
Deputy Managing Director of Comptrollership

C.P. Mayra Nelly Lopez Lopez  
Executive Director of Accounting

- **Basis for submitting and presenting Financial Statements**

**Grupo Financiero Banorte (GFNorte).** Issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNBV) published in the Official Gazette of the Federation on January 31, 2011. As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect", which mentions that the economic environment is non-inflationary when accumulated inflation for the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

**Banking Sector (Banorte).** Issues consolidated financial statements with its subsidiaries in conformity with the General Provisions for Financial Information of Credit Institutions in effect as published on December 2, 2005 and modified on March 3, 2006, March 28, 2006, September 15, 2006, December 6, 2006, December 8, 2006 and January 12, 2007, March 23, 2007, April 26, 2007, November 5, 2007, March 10, 2008, August 22, 2008, September

19, 2008, October 14, 2008, December 4, 2008, April 27, 2009, May 28, 2009, June 11, August 12, October 16, 2009, 2009, November 9, 2009, December 24, 2009 and January 27, 2011, February 10, 2010, April 9 and 15, 2010, May 17, 2010, June 28, 2010, July 29, 2010, August 19, 2010, September 9 and 28, 2010, October 25, 2010, November 26, December 20, 2010, January 24 and 27, 2011, March 4, 2011, April 21, 2011, July 5, 2011, August 3 and 12, 2011, September 30, 2011, October 5 and 27, 2011, December 28, 2011, June 19, 2012, July 5, 2012, October 23, 2012, November 28, 2012, December 13, 2012, January 31, 2013, April 16, 2013, May 3, 2013, 2. June 3 and 24, 2013, July 12, 2013, October 2, 2013, December 24, 2013, January 7 and 31, 2014, March 26, 2014, May 12 and 19, 2014. As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect", which mentions that the economic environment is non-inflationary when accumulated inflation for the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

GFNorte and Banorte. The financial information contained in this document has been developed according to the regulations issued by the CNBV for the regulating agency and the financial entities that make up the Financial Group and to Norms of Financial Information (Normas de Información Financiera NIF), emitted by the Mexican Council for the Investigation and Development of Norms of Financial Information, A.C. (CINIF). The regulations of the CNBV and the NIF mentioned above differ given the specialized operations of the Credit Institutions. Moreover, there is a difference in the generally accepted accounting principles of the United States (US GAAP) and the regulations and principles established by the American authorities for this type of financial entities. In order to present the information contained herein in an international format, the classification format and the presentation of certain financial information differ from the format used for the financial information published in Mexico.

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