Grupo Financiero Banorte

Financial Information as of June 30th, 2012

2Q12

"Bank of the Year Mexico 2011"

"Best Commercial Bank in Mexico 2011"

"Best Bank in Mexico 2011"

web page: www.banorte.com/ri

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"Best Latam Management & IR Team 2010 & 2011"

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

GFNorte reports Net Income of Ps 5.1 billion in 1H12 and Ps 2.64 billion in 2Q12

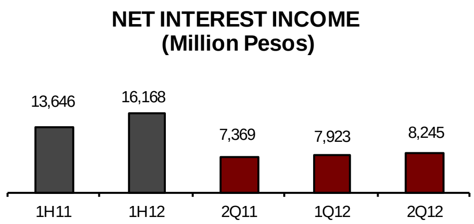
Operating Results *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11	LTM 2Q12	Change LTM
Net Interest Income	7,369	7,923	**8,245**	4%	12%	13,646	**16,168**	18%	30,764	22%
Non Interest Income	2,979	3,871	**5,151**	33%	73%	5,589	**9,022**	61%	17,200	45%
Total Income	10,348	11,794	**13,396**	14%	29%	19,236	**25,190**	31%	47,964	29%
Non Interest Expense	5,965	6,558	**6,457**	(2%)	8%	10,597	**13,015**	23%	25,828	31%
Provisions	1,318	1,467	**2,992**	104%	127%	2,655	**4,459**	68%	7,242	13%
Operating Income	3,065	3,769	**3,947**	5%	29%	5,984	**7,716**	29%	14,894	35%
Net Income	2,048	2,463	**2,635**	7%	29%	3,862	**5,098**	32%	9,753	33%

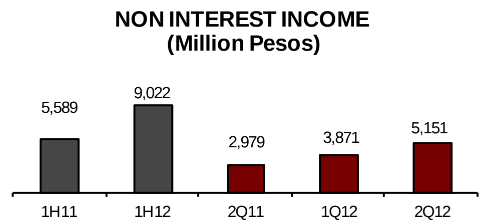
- **Net Interest Income**

Net Interest Income totaled Ps 16.2 billion in 1H12, an increase of 18% YoY on 1H11, 4% on 1Q12 and 12% on 2Q11, reaching Ps 8.25 billion as at the end of the quarter. Year-on-year growth can be attributed to higher loan volumes, the merger with Ixe, the consolidation of Ixe Tarjetas (Credit Cards) as of 1Q12, as well as higher margins at the Insurance and Annuities companies. Growth vs. 1Q11 and 2Q12 was due to higher loan volumes and an increase in net interest income at the Insurance and Annuities companies. Financial revenues related only to lending activity rose 21% vs. 1H11 and 15% vs. 2Q11 driven by a better loan portfolio mix, but were flat vs. 1Q12 as a result of an increase in funding costs.

- **Non Interest Income**

Non interest income totaled Ps 9.02 billion in 1H12, increasing 61% YoY, driven by growth in all items due to better business dynamics and the absorption of Ixe's operations. On a QoQ basis, Non Interest Income amounted to Ps 5.15 billion, an increase of 33% on 1Q12 and 73% on 2Q11, due to the 2Q12 entry of Ps 1.81 billion in Other Operating Income related to SOFOM Banorte-Ixe Tarjeta's acquisition of Banco Mercantil del Norte's credit card portfolio as well as Ixe Banco's acquisition of other Banorte´s consumer loans. According to accounting criteria B-6, income generated by the acquiring company of loan portfolios net of loan loss reserves must be offset against results through the creation of the corresponding acquired loans' loss reserves, having no effect on the income statement of the company. Excluding income from this accounting effect, non interest income amounted to Ps 7.22 billion for the first half of the year, an increase of 29% vs. 1H11, and to Ps 3.34 billion in 2Q12, decreasing (14%) vs. 1Q12 due to fewer recoveries and trading income, but rose 12% vs. 2Q11 driven by better dynamics in all items.





- **Non Interest Expense**

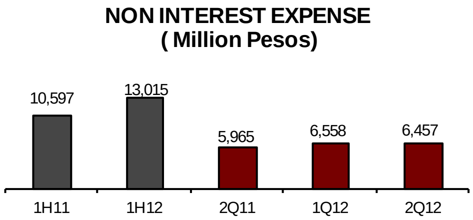
Non interest expense totaled Ps $13.02 billion in 1H12, increasing 23% YoY vs. 1H11 due to the integration of Ixe's expenses, merger related costs, and growth in business areas. Expenses amounted to Ps 6.46 billion in 2Q12, an increase of 8% on 2Q11 but a decrease of (2%) vs. 1Q12, resulting in a reduction in this heading for a second straight quarter, mainly associated with lower Personnel Expenses due to merger-related synergies as well as a reduction in Other taxes and Non deductible Expenses. The 1H12 Efficiency Ratio was 51.7%, (3.4 pp) below 1H11's and 48.2% for 2Q12, a reduction of (9.5 pp) vs. 2Q11 as a result of positive operating leverage. Excluding the entry in Non Interest Income related to SOFOM Banorte-Ixe Tarjeta's acquisition of Banorte's Credit Card Portfolio and other consumer loans by Ixe Banco, the Efficiency Ratio corresponding to 1H12 and 2Q12 would be 55.7%.

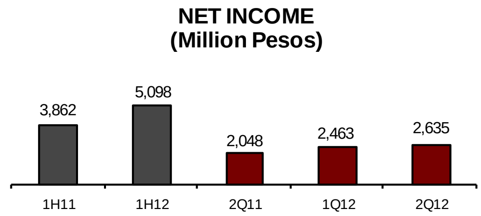
- **Provisions**

In 1H12 Provisions amounted to Ps 4.46 billion, an increase of 68% on 1H11 and Ps 2.99 billion on 2Q12, due mainly to Ixe Tarjeta's acquisition of Banco Mercantil del Norte's credit card portfolio as well as the acquisition of another consumer loan portfolio by Ixe Banco at a value net of the provisions created at Banco Mercantil del Norte (see B-6 Accounting criteria, within the Non Interest Income explanation in this section), with no economic impact in Net Income.

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

Excluding the accounting impact of these operations, Provisions would have amounted to Ps 2.65 billion in 1H12, or flat vs. 1H11, and to Ps 1.19 billion in 2Q12, a decrease of (19%) vs. 1Q12, and (10%) vs. 2Q11. This reduction can be attributed to a lower expected loss in several loan portfolio headings, leading to lower provisions in the Commercial, Corporate, Mortgage, Credit Card and Payroll loan segments.





- **Net Income**

GFNorte's Net Income amounted to Ps 5.1 in 1H12, 32% higher than in 1H11 derived from the integration of the results of Ixe and Afore XXI Banorte. Net Income totaled Ps 2.64 billion in 2Q12, up 7% on 1Q12 and 29% on 2Q11, driven by more positive operating leverage as well as lower recurring loan loss provisions requirements. Meanwhile, net income for the last 12 months amounted to Ps 9.75 billion, a 33% increase on the same 2011 period, and 15% above 2011 net income of Ps 8.52 billion.

2Q12 Return on Equity (ROE) was 14.2%, an increase of 180 basis points compared to 2Q11. Return on Tangible Equity (ROTE) was 18.5% in 2Q12, 180 basis points above 2Q11 and 70 basis points higher than in 1Q12. 1H12 ROE was 14%, an increase of 94 basis points compared with the same year-earlier period.

Excluding some quarterly integration costs, extraordinary professional fees and write-downs of some of Ixe's assets due to deterioration in 2Q12, recurring Net Income was Ps 2.73 billion, an increase of 11% on 1Q12 and +33% vs. 2Q11.

Net Income excluding extraordinaries

		Var. vs.	
	2Q12	1Q12	2Q11
Reported Net Income	$2,635	7%	29%
+ Integration Costs	$6		
+ Impact of Ixe Tarjetas	$0		
+ Impact of Ixe's Assets	$60		
+ Fees for Dexia portfolio purchase	$29		
Recurring Net Income	$2,730	11%	33%

Return on Tangible Equity (ROTE)

	2Q11	1Q11	2Q12
Reported ROE	12.4%	13.7%	14.2%
Goodwill / Intangibles	$16,077	$20,448	$19,687
Average Tangible Equity	$43,792	$51,458	$52,670
ROTE	16.7%	17.8%	18.5%

The Banking Sector's (Banco Mercantil del Norte, Ixe Banco and Banorte-Ixe Tarjetas) 1H12 Net Income totaled Ps 4.18 billion and accounted for 82% of GFNorte's total profits. This sector's ROE was 16.7% for the same period, an increase of 260 basis points on 1H11 and ROA of 1.3%, an increase of 30 basis points.

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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)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Income Statement								
Net Interest Income	7,369	7,923	**8,245**	4%	12%	13,646	**16,168**	18%
Non Interest Income	2,979	3,871	**5,151**	33%	73%	5,589	**9,022**	61%
Total Income	10,348	11,794	**13,396**	14%	29%	19,236	**25,190**	31%
Non Interest Expense	5,965	6,558	**6,457**	(2%)	8%	10,597	**13,015**	23%
Provisions	1,318	1,467	**2,992**	104%	127%	2,655	**4,459**	68%
Operating Income	3,065	3,769	**3,947**	5%	29%	5,984	**7,716**	29%
Taxes	810	1,140	**1,152**	1%	42%	1,657	**2,293**	38%
Subsidiaries & Minority Interest	(207)	(166)	**(160)**	(4%)	(23%)	(464)	**(325)**	(30%)
Net Income	2,048	2,463	**2,635**	7%	29%	3,862	**5,098**	32%
Balance Sheet								
Asset Under Management	1,072,218	1,332,525	**1,399,992**	5%	31%	1,072,218	**1,399,992**	31%
Total Assets	778,717	829,442	**889,807**	7%	14%	778,717	**889,807**	14%
Performing Loans (a)	311,931	360,648	**378,472**	5%	21%	311,931	**378,472**	21%
Past Due Loans (b)	7,547	6,588	**7,089**	8%	(6%)	7,547	**7,089**	(6%)
Total Loans (a+b)	319,478	367,236	**385,561**	5%	21%	319,478	**385,561**	21%
Total Loans Net (d)	309,282	356,821	**375,155**	5%	21%	309,282	**375,155**	21%
Acquired Collection Rights (e)	4,105	3,110	**3,136**	1%	(24%)	4,105	**3,136**	(24%)
Total Loans (d+e)	313,388	359,931	**378,291**	5%	21%	313,388	**378,291**	21%
Total Liabilities	705,859	750,701	**808,515**	8%	15%	705,859	**808,515**	15%
Total Deposits	335,369	373,297	**395,635**	6%	18%	335,369	**395,635**	18%
Equity	72,859	78,741	**81,292**	3%	12%	72,859	**81,292**	12%

Financial Ratios GFNorte	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Profitability:								
NIM (1)	4.2%	4.2%	**4.2%**	0.1 pp	0.1 pp	4.2%	**4.2%**	0.0 pp
NIM after Provisions (2)	3.4%	3.4%	**2.7%**	(0.7 pp)	(0.7 pp)	3.4%	**3.0%**	(0.3 pp)
ROE (3)	12.4%	13.7%	**14.2%**	0.5 pp	1.8 pp	13.0%	**14.0%**	0.9 pp
ROA (4)	1.1%	1.2%	**1.2%**	0.0 pp	0.2 pp	1.1%	**1.2%**	0.1 pp
Operation:								
Efficiency Ratio (5)	57.6%	55.6%	**48.2%**	(7.4 pp)	(9.5 pp)	55.1%	**51.7%**	(3.4 pp)
Operating Efficiency Ratio (6)	3.4%	3.2%	**3.0%**	(0.2 pp)	(0.4 pp)	3.2%	**3.1%**	(0.1 pp)
Liquidity Ratio (7)	107.2%	103.2%	**121.2%**	18.0 pp	14.0 pp	107.2%	**121.2%**	14.0 pp
Asset Quality:								
Past Due Loan Ratio	2.4%	1.8%	**1.8%**	0.0 pp	(0.5 pp)	2.4%	**1.8%**	(0.5 pp)
Coverage Ratio	135.1%	158.1%	**146.8%**	(11.3 pp)	11.7 pp	135.1%	**146.8%**	11.7 pp
Past Due Loan Ratio w/o Banorte USA	2.3%	1.8%	**1.9%**	0.1 pp	(0.5 pp)	2.3%	**1.9%**	(0.5 pp)
Coverage Ratio w/o Banorte USA	139.8%	163.4%	**147.8%**	(15.6 pp)	8.0 pp	139.8%	**147.8%**	8.0 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) Annualized earnings as a percentage of the average quarterly equity over the period.
4) Annualized earnings as a percentage of the average quarterly assets over the period.
5) Non Interest Expense / (Total Net Income + Loan Loss Provisions)
6) Annualized Non Interest Expense / Average Total Assets.
7) Liquid Assets / Liquid Liabilities (Liquid Assets = Cash and due from Banks + Negotiable Instruments + Securities held for sale) / (Liquid Liabilities = Demand Deposits + Loans from banks and other organizations with immediate call option + Short term loans from banks).

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

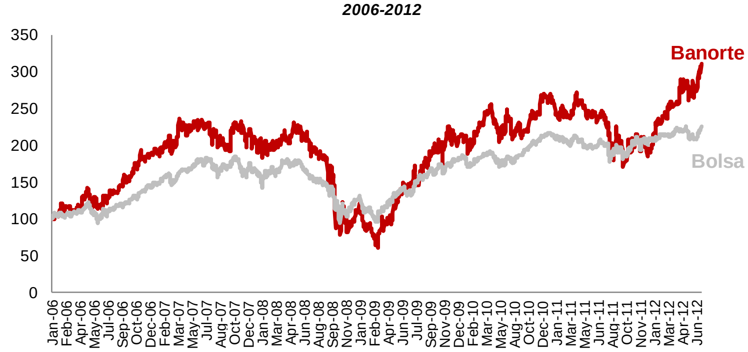
Subsidiaries Net Income (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Banking Sector	**1,654**	**2,072**	**2,110**	**2%**	**28%**	**3,113**	**4,182**	**34%**
Banco Mercantil del Norte (1) (2)	1,535	1,908	1,792	(6%)	17%	2,994	3,700	24%
Ixe Banco	119	230	165	(28%)	39%	119	395	232%
Banorte -Ixe Tarjetas (4)	-	(66)	153	(332%)	-	-	87	-
Broker Dealer	**95**	**111**	**164**	**47%**	**73%**	**192**	**275**	**43%**
Banorte-Broker Dealer	57	-	-	-	(100%)	155	-	(100%)
Ixe-Broker Dealer	27	86	144	67%	435%	27	231	754%
Ixe Fondos	11	25	19	(23%)	83%	11	45	321%
Long Term Savings	**124**	**254**	**302**	**19%**	**145%**	**251**	**556**	**121%**
Retirement Funds - Afore XXI Banorte (2)	51	115	138	20%	170%	92	253	175%
Insurance	70	122	149	22%	115%	166	272	64%
Annuities	3	16	15	(10%)	398%	(6)	31	(583%)
Other Finance Companies	**198**	**66**	**12**	**(81%)**	**(94%)**	**348**	**78**	**(78%)**
Leasing and Factoring (3)	159	126	152	20%	(5%)	297	278	(7%)
Warehousing	9	8	8	7%	(2%)	20	16	(16%)
Ixe Automotriz	13	8	(2)	(129%)	(119%)	13	6	(54%)
Fincasa Hipotecaria	18	(77)	(145)	90%	(908%)	18	(222)	(1333%)
Other Companies								
Ixe Soluciones	(18)	(72)	(69)	(3%)	278%	(18)	(141)	669%
Ixe Servicios	2	(1)	(0)	(73%)	(117%)	2	(2)	(178%)
G. F. Banorte (Holding)	**(6)**	**33**	**116**	**251%**	**(1966%)**	**(26)**	**149**	**(677%)**
Total Net Income	**2,048**	**2,463**	**2,635**	**7%**	**29%**	**3,862**	**5,098**	**32%**

1) Considering a participation of 97.06% in 3Q06, 97.07% in 3Q09, and 92.72% as of 4Q09. This figure reflects the investment by the IFC in Banco Mercantil del Norte when the transaction was completed in 4Q09.
2) Since 1Q12, Afore XXI Banorte is recognized under the equity participation method with Banco Mercantil del Norte, however, for informational and comparison purposes, the Net Income of Afore XXI Banorte is presented in the corresponding sector business.
3) The merger of Leasing and Factoring became effective as of January 31, 2008
4) Since 1Q12, Ixe Tarjetas consolidates with Banco Mercantil del Norte.

Share Data	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Earnings per share (Pesos)	0.88	1.06	**1.13**	7%	29%	1.66	**2.19**	32%
Dividend per Share (Pesos)	0.18	0.17	**0.18**	6%	0%	0.35	**0.35**	0%
Dividend Payout (Recurring Net Income)	19.3%	18.0%	**18.0%**	0%	(7%)	19.3%	**18.0%**	(7%)
Book Value per Share (1) (Pesos)	28.65	31.40	**32.36**	3%	13%	28.65	**32.36**	13%
Total Shares Outstanding (Million Shares)	2,326.4	2,326.4	**2,326.4**	0%	0%	2,326.4	**2,326.4**	0%
Stock Price (Pesos)	53.30	56.98	**69.15**	21%	30%	53.30	**69.15**	30%
P/BV (Times)	1.86	1.81	**2.14**	18%	15%	1.86	**2.14**	15%
Market Capitalization (Million Dollars)	10,577	10,348	**11,998**	16%	13%	10,577	**11,998**	13%
Market Capitalization (Million Pesos)	123,995	132,556	**160,868**	21%	30%	123,995	**160,868**	30%

1) Excluding Minority Interest.
2) Earnings per share calculations as of 2Q11 take into consideration the new number of shares resulting from the exchange of shares with Ixe, and therefore are not comparable with previous periods.

SHARE PERFORMANCE
2006-2012



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SUMMARY OF RESULTS

Mexico D.F. July 26th, 2012. Grupo Financiero Banorte (GFNORTE) released its operating results as at the end of June 2012 today. GFNORTE reported a Ps 5.1 billion profit for the first six months of the year, an increase of 32% on 1H11 derived from the integration of the results of Ixe and Afore XXI Banorte, and a profit of Ps 2.64 billion for the quarter, 7% above 1Q12 and 29% higher than in 2Q11, due to more positive operating leverage as well as less recurring provision requirements. Banco Mercantil del Norte (excluding its participation in Afore XXI Banorte) contributed 73% of GFNORTE's first half profits, reaching Ps 3.7 billion, while Ixe Banco and the former Ixe entities contributed Ps 313 million for the same period; Banco Mercantil del Norte contributed 68% of 2Q12 consolidated profit, reaching Ps 1.79 billion, while Ixe Banco and the former Ixe entities reported Ps 112 million.

In 1H12 return on equity (ROE) was 14%, 94 basis points above the same year-earlier period; return on assets (ROA) was 1.2%, 10 bp more than in 1H11.

- **Deposits and Net Interest Income**

Core deposits rose by 15% year-on-year in 2Q12, mainly driven by promotional efforts in relation to Banorte-Ixe's deposit products. Demand deposits were up 19% while time deposits were up 10%. As a result, core deposits rose by Ps 41.59 billion, from Ps 272.34 billion in 2Q11 to Ps 313.92 billion in 2Q12. Core deposits rose 3% for the quarter on the back of both demand and time deposits.

Net interest income totaled Ps 16.17 billion in 1H12, 18% more than for the same year-earlier period. 2Q12 net interest income amounted to Ps 8.25 billion, an increase of 12% on 2Q11 and 4% on 1Q12.

- **Loan Portfolio**

As at the end of 2Q12, YoY growth in performing loans was 21%, an increase of Ps 66.54 billion totaling Ps 378.47 billion. The loan portfolio registered sustained growth across all segments for a ninth straight quarter due to the bank strategies aimed at boosting loan volumes and more industry-wide demand for credit. The loan portfolio grew 5% for the quarter driven by solid performance in all of its components, in particular from the payroll, government, credit card and corporate segments.

Commercial loans amounted to Ps 126.74 billion, up 10% YoY, mainly on the back of an increase in corporate loans, leasing and factoring and the reactivation of the Crediactivo product for businesses (the performing SME portfolio grew 29% YoY); on a quarterly basis commercial loans grew 3% driven by 6% growth in SME loans as well as more leasing and middle market loan volumes. **Corporate** loans amounted to Ps 60.03 billion, a 20% increase on 2Q11 and 4% above 1Q12 on the back of stronger demand for credit in this sector. **Government** loans amounted to Ps 82.85 billion as at the end of June, an increase of 49% year to date and 10% for the quarter driven by greater demand for loans and the purchase of a Ps 6.81 billion loan portfolio from SOFOM Dexia in 2Q12.

Consumer loans, including Mortgages, were up 19% YoY. **Mortgage** loans maintained a notable rising trend to end the quarter at Ps 67.66 billion, a 12% increase on 2Q11 and 3% QoQ, underpinning Banorte's position as one of the banks with the highest growth in mortgage loans. **Credinómina** loans totaled Ps 15.85 billion, 45% and 11% above 2Q11 and 1Q12, respectively, on the back of growth in the number of Banorte-Ixe payroll clients, product marketing campaigns and efforts to boost cross selling across various channels. **Car** loans rose 12% YoY and 3% QoQ to Ps 9.98 billion as at the end of 2Q12 on the back of more loan placements and favorable dynamics in Mexican car sales. The **Credit Card** portfolio totaled Ps 15.14 billion as at the close of 2Q12, which as of 1Q12 includes 100% of the Ixe Cards business, resulting in a 39% YoY increase, while 4% growth for the quarter stemmed from portfolio management strategies and to Banorte-Ixe product marketing campaigns.

As at the end of 2Q12 the Group maintained good asset quality with a Non Performing Loan (NPL) Ratio of 1.8%, 0.5 percentage points (pp) below 2Q11 and flat vs. the previous quarter, consolidating the group's NPL as one of the lowest of the Mexican financial system. Grupo Financiero Banorte closed 2Q12 with past due loans of Ps 7.09 billion, 6% below 2Q11's level, due to a decrease in almost all headings and an 8% increase vs. 1Q12 stemming mainly from an increase in Commercial and Credit Card past due loans. The Group's loan loss reserve coverage was 146.8% at the end of 2Q12, 11.7 bp above the same year-earlier quarter and 11.3 bp below 1Q12.

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- **Efficiency**

The 1H12 Efficiency Ratio was 51.7%, 3.4 bp below 1H11; it was 48.2% for the quarter, (9.5 bp) below 2Q11 and (7.4 pp) below 1Q12. Excluding the accounting effect in Non Interest Income related to the acquisition of Banorte's Credit Card portfolio by SOFOM Banorte-Ixe Tarjetas and other consumer loans by Ixe Banco, as at 1H12 and 2Q12 the Efficiency Ratio would have been 55.7%.

- **Capitalization**

Banco Mercantil del Norte's Capitalization Ratio was 14.7% at the end of 2Q12 with a Tier 1 Ratio of 11.6%, an increase of 0.9 percentage points on 1Q12 and a decrease of 0.8 pp on 2Q11. This level of capitalization adequately positions Banorte to meet the new Basel III regulations, when applied.

- **Other Subsidiaries**

During the first half of 2012, the **Long Term Savings Sector** comprised of Insurance, Annuities and Afore XXI Banorte, contributed Ps 556 million to the Financial Group's profits, 121% more than in 1H11, while the 2Q12 contribution was Ps 302 million, 145% more than in 2Q11 and 19% more than in 1Q12, driven on a QoQ and YoY basis by the merger with Afore XXI and better business dynamics at the Insurance company. **Other Finance Companies**, comprised of Arrendadora y Factor Banorte (Leasing and Factoring), Warehousing, Ixe Automotriz, and Fincasa Hipotecaria, recorded a 1H12 profit of Ps 78 million, a YoY decrease of (78%) owing to losses at Fincasa Hipotecaria which was offset by a profit of $278 million by Arrendadora y Factor Banorte; while for the quarter it recorded a Ps 12 million profit driven by Arrendadora y Factoraje. The **Brokerage Sector** comprised of Ixe Casa de Bolsa and Ixe Fondos, reported a first half profit of Ps 275 million, 43% growth YoY, and Ps 164 million for the quarter, an increase of 73% on 2Q11 and 47% on 1Q12. In 2Q12 Banorte-Ixe Tarjetas acquired the Credit Card portfolio that was previously managed by Banco Mercantil del Norte; this SOFOM reported a Ps 87 million profit for the first half of the year and Ps 153 million for the quarter.

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RECENT EVENTS

- **Shareholders´ Meetings**

Grupo Financiero Banorte's Ordinary Annual Shareholders Meeting was held on April 27th, and 90.99% of the shares corresponding to the company's subscribed and paid-in capital stock were represented. The main resolutions adopted by the Meeting were:

1. Approve the Annual Reports of the CEO, the Board of Directors and Audit and Corporate Practices' Committee (CAPS) in accordance with diverse legal provisions.
2. Distribute net profit corresponding to the 2011 business year by applying Ps 175'852,924 to the legal reserve and Ps 7,952'478,826 to the "Prior Years' Profit (loss)" account in pesos.
3. Distribute among shareholders a dividend of Ps 0.18 per outstanding share corresponding to the third and final payment of Ps 0.52 per share corresponding to 2010 profit.
4. Approve the Board of Directors' composition of 15 Regular Members, and, if necessary, their respective Alternate Members, by appointing the following persons along with the positions indicated for the 2012 business year and grading the independence of the members mentioned below when they do not fall within the restrictions stated in the Securities Market Law as well as the capacity of the Independent and related proprietary board members pursuant to the Best Corporate Practices Code by appointing the following persons for this purpose:

REGULAR MEMBERS		
Roberto González Barrera	Chairman Emeritus	Patrimonial
Guillermo Ortiz Martínez	Chairman of the Board	Related
Bertha González Moreno		Patrimonial
David Villarreal Montemayor		Patrimonial
Manuel Saba Ades		Patrimonial
Alfredo Elías Ayub (1)		Independent
Herminio Blanco Mendoza		Independent
Everardo Elizondo Almaguer		Independent
Patricia Armendáriz Guerra		Independent
Armando Garza Sada		Independent
Héctor Reyes Retana		Independent
Juan Carlos Braniff Hierro		Independent
Eduardo Livas Cantú		Independent
Enrique Castillo Sánchez Mejorada		Related
Alejandro Valenzuela del Río		Related

Héctor Ávila Flores was designated as Secretary of the Board of Directors; nevertheless, he does not constitute part of the Board.

ALTERNATE MEMBERS	
*	
Jesús O. Garza Martínez (1)	Related
Juan Antonio González Moreno	Patrimonial
José G. Garza Montemayor	Patrimonial
Alberto Saba Ades	Patrimonial
Isaac Becker Kabacnik	Independent
Manuel Aznar Nicolin	Independent
Javier Martínez Abrego	Independent
Carlos Chavarría Garza	Independent
Ramón A. Leal Chapa	Independent
Julio César Méndez Rubio	Independent
Guillermo Mascareñas Milmo	Independent
Alfredo Livas Cantú	Independent
Javier Molinar Horcasitas	Related
José Marcos Ramírez Miguel	Related

* Charirman Emeritus does not have an alternate.

(1) Appointed during the Ordinary Annual Shareholders Meeting of April 27th, 2012.

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

5. The following persons, including their Chairman, were appointed members of the Committee that will perform the Audit and Corporate Practices functions:
Hector Reyes Retana- Chairman
Herminio Blanco Mendoza
Manuel Aznar Nicolin
Patricia Armendariz Guerra
Julio Cesar Mendez Rubio

6. Approve the charge to Equity of up to Ps 1.5 billion, equivalent to 1.5% of the Financial Group's market capitalization as at the end of 2011, in order to repurchase shares during the 2012 business year in accordance with the Share Repurchase and Placement Policy.

- **Subordinated Debt Issuance.**

On June 8th. Banorte issued the fifth Preferred and Non-Convertible Subordinated Notes (BANORTE 12) in the local market amounting to Ps 3.2 billion. The issuance has a 10-year maturity, is pre-payable at the fifth and pays a coupon of 28 day TIIE plus 1.50%. The issuance was rated Aaa.mx by Moody´s and AA+ by HR Ratings. Demand for the notes was greater than the amount offered, reflecting the local market's good acceptance of Banorte as a debt issuer. This placement in which Ixe Casa de Bolsa acted as placement agent, completed Banorte's Preferred and Non Preferred and Non-Convertible Subordinated Debt program, which is computed as Regulatory Capital, and amounted to up to Ps 15 billion. The aim of the program was to strengthen the growth capacity required by Banorte's current and future rate of expansion.

- **Credit Ratings.**

On May 12th, HR Ratings assigned a long-term initial credit rating of "HR AAA" and a short-term rating of "HR+1" to Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte. HR Ratings' analysis includes an evaluation of both qualitative and quantitative factors as well as projected financial statements under a scenario of economic stress. The outlook is Stable. Factors that influenced the rating were a loan portfolio that is diversified among different market sectors, solid past due loan recovery and loan loss processes channeled through a specialized area, low concentration among 10 main clients, good profitability at the Bank, an acceptable capitalization ratio, Bank management's conservative approach to risk using derivative instruments mainly to hedge Balance Sheet interest rate risks, solid management team with an average experience of 7.1 years and 326 accumulated years with the Bank, high strategic importance within the Mexican financial system and adequate liquidity gaps considering the Bank's funding profile.

- **Loan Portfolio Acquisition.**

In April the SOFOM Banorte Ixe Tarjetas acquired Banorte's Credit Card Portfolio as part of the integration of this business into a single platform. The contractual value of the acquired loan portfolio was Ps 11.76 billion, with a purchase value (book value) of Ps 10.13 billion. In accordance with CNBV B-6 accounting criteria, on the date the loan portfolio is acquired, the contractual value of the acquired portfolio should be recognized in the loan portfolio heading based on the originator's loan portfolio classification. Likewise, when the acquisition price is below the nominal value the difference will be recorded in the other income (expense) heading in the business year's results for up to the estimated amount of loan loss provisions created, and the surplus as a deferred loan to be amortized as the respective charges are made in accordance with the percentage of the loan's contractual value they represent. In order to comply with this accounting provision, loan loss provisions were increased by Ps $(1,631) million during the quarter, which was offset by Other Operating Income for the same amount. There was also a Ps 176 million impact from the sale of Banco Mercantil del Norte's consumer loans to Ixe Banco.

- **Acquisition of SOFOM Dexia's Loan Portfolio.**

On June 1st, SOFOM Dexia's State of Mexico loan portfolio was acquired for Ps 6.81 billion at a Ps 908 million discount, which implied an outlay of Ps 5.91 billion for Banorte. The discount obtained is accounted for as deferred profit that is recognized each month during the life of the loan. In the coming months this loan portfolio will be securitized in order to optimize the Financial Group's balance sheet and speed up the recognition of profits from its acquisition.

- **Recognition from World Finance.**

In June "Banorte – Ixe" was given the "Best Commercial Bank in Mexico 2012" award from the prestigious British magazine World Finance, in recognition of the growth achieved by the bank in recent months through mergers as well as the expansion of its branch network, ATMs and POS terminals. During the period that World Finance took into account when making the award, Banorte achieved two of the biggest deals in the Mexican financial sector: the merger with Ixe Grupo Financiero, making it the third largest bank controlled by Mexican shareholders, and the merger with Afore XXI, which gave rise to Afore XXI Banorte, the system's largest Retirement Fund Management Company. The magazine also highlighted the growth of its branch network, "Banorte – Ixe"'s assets under management for the last 12 months and leadership in business segments such as Leasing and Factoring, Short-term Debt Placement, Banca Premium, Funding for Homebuilders and Loan Portfolio Recovery.

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

- **Changes in Organizational Structure.**

As a result of the creation on January 1st of the Broker Casa de Bolsa Banorte Ixe, on May 25th, Marcos Ramírez was appointed Managing Director of Casa de Bolsa Banorte Ixe and is its legal representative before the Regulator. Likewise, as part of the reorganization of Wholesale Banking, on June 4th the Economic Research Division was created which reports to the Head of Wholesale Banking and Gabriel Casillas was appointed Managing Director. Gabriel was Chief Economist for Mexico at J.P. Morgan Chase & Co. Furthermore, Luis Pietrini was appointed Managing Director of Wealth Management and Private Banking, René Pimentel is the new Managing Director of Asset Management and Business Development and Alejandro Aguilar becomes Managing Director of the mutual funds, Operadora de Fondos Banorte.

In May a “Special Unit for Enquiries and Complaints” (UNE) was created in order to improve attention to client claims and complaints as well as to mitigate the risk of fines and sanctions from The National Commission for the Protection and Defense of Financial Services Users in compliance with the Law for the Protection and Defense of Financial Service Users. As a result Ernesto Treviño was appointed Director of this unit.

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

GRUPO FINANCIERO BANORTE

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.

- **Net Interest Income**

Net Interest Income *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Interest Income	12,615	14,036	**14,939**	6%	18%	23,477	**28,975**	23%
Insurance and Annuities-Interest Income	396	550	**502**	(9%)	27%	815	**1,052**	29%
Interest Expense	6,236	6,669	**7,767**	16%	25%	11,270	**14,436**	28%
Insurance and Annuities-Interest Expense	2	16	**(14)**	(187%)	(944%)	8	**2**	(74%)
Premium Income (Net)	3,925	4,258	**3,814**	(10%)	(3%)	7,547	**8,073**	7%
Net Increase in Technical Reserves	1,917	2,637	**1,381**	(48%)	(28%)	4,235	**4,018**	(5%)
Damages, Claims and Other Obligations	1,585	1,833	**2,068**	13%	30%	2,976	**3,901**	31%
Loan Origination Fees	214	284	**252**	(11%)	18%	373	**536**	44%
Fees Paid	41	50	**60**	21%	45%	77	**110**	43%
Net Interest Income	**7,369**	**7,923**	**8,245**	**4%**	**12%**	**13,646**	**16,168**	**18%**
Provisions	1,318	1,467	**2,992**	104%	127%	2,655	**4,459**	68%
Net Interest Income Adjusted for Credit Risk	**6,051**	**6,456**	**5,253**	**(19%)**	**(13%)**	**10,991**	**11,709**	**7%**
Average Interest Earning Assets	702,906	755,791	**776,406**	3%	10%	652,961	**769,495**	18%
Net Interest Margin (1)	4.2%	4.2%	**4.2%**	0.1 pp	0.1 pp	4.2%	**4.2%**	0.0 pp
NIM after Provisions (2)	3.4%	3.4%	**2.7%**	(0.7 pp)	(0.7 pp)	3.4%	**3.0%**	(0.3 pp)

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

As of 1Q11 the new Accounting Criteria A-2 will continue to be used to consolidate the Insurance and Annuities companies. As a result, as of this quarter the following results for those companies are shown in Net Interest Income:

Millon Pesos	2Q11	1Q12	2Q12	Var. Vs. 1Q12	Var. Vs. 2Q11	1H11	1H12	Var. Vs. 1H11
Interest Income	396	550	502	(9%)	27%	815	1,052	29%
Premiums' Income (net)	3,925	4,258	3,814	(10%)	(3%)	7,547	8,073	7%
- Interest Expense	2	16	(14)	(187%)	(944%)	8	2	(74%)
- Net increase in technical reserves	1,917	2,637	1,381	(48%)	(28%)	4,235	4,018	(5%)
- Damages, claims and others	1,585	1,833	2,068	13%	30%	2,976	3,901	31%
Net Result	818	322	881	174%	8%	1,143	1,203	5%

In 1H12 Net Interest Income grew 18% YoY from Ps 13.65 billion to Ps 16.17 billion derived from a 21% increase in net financial income and origination fees following the merger with Ixe Grupo Financiero, performing loans grew 21%, more notably in products that have a bigger impact on Net Interest Income such as Payroll, Credit Cards (including 100% of Banorte-Ixe Tarjetas as of 1Q12), SME and Mortgages as well as a 5% increase in the Margin of the Insurance and Annuities companies and a stable cost of funding due to 15% growth in core deposits.

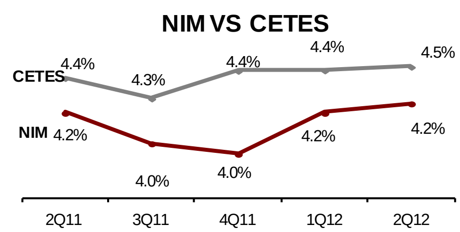
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

Net Interest Income grew 12% YoY in 2Q12 to Ps 8.24 billion, driven mainly by more loan placements in segments with higher margins, including the consolidation of Ixe Tarjetas, higher margins at the Insurance and Annuities companies and a stable cost of funding. Based solely on interest income and net fees related to loan origination, Net Interest Income rose 15% vs. 2Q11.

Net Interest Income rose 4% versus 1Q12 due to growth of 5% in performing loans, in particular in Credit Cards, Mortgages, SMEs and Payroll and higher margins at the Insurance and Annuities companies.

Based solely on interest income and net fees related to loan origination, Net Interest Income was flat with 1Q12 due to an increase in funding costs since interest expense rose 16% vs. 1Q12, above the growth of 6% in interest income.

The average Net Interest Margin (NIM) was 4.2% in 1H12 and remained virtually flat in 2Q12 compared with the corresponding year-earlier periods, as Average Productive Assets registered similar growth rates to net interest income. NIM of the banking sector grew from 4.1% in 2Q11 to 4.5% in 2Q12 (4.3% in 1Q12), rising 40 basis points between 1H11 and 1H12 to reach 4.4%.



- **Provisions**

In 1H12 provisions charged to results totaled $4.46 billion, 68% greater than 1H11, and Ps 2.99 billion in 2Q12 due to the acquisition of Banco Mercantil del Norte's Credit Card portfolio by Ixe Tarjetas, as well as the acquisition of consumer loans by Ixe Banco, at a discount to the contractual value; B-6 accounting standards require the company acquiring the portfolio to record in Provisions the same amount entered in the Other Operating Income account, which in this case was Ps 1.81 billion. Thus, and in line with the aforementioned accounting criteria, there is no economic impact at the Net Income level.

Excluding this accounting impact, Provisions would have amounted to Ps 2.65 billion in 1H12, or flat vs. 1H11, and to Ps 1.19 billion in 2Q12, a decrease of (19%) vs. 1Q12, and (10%) vs. 2Q11. This reduction can be attributed to a lower expected loss in several loan portfolio headings resulting in lower provisions in the Commercial, Corporate, Mortgage, Credit Card and Payroll segments.

Average NIM adjusted for Credit Risks was 3.0% in 1H12, a decrease of (0.3 bp) on 1H11 and 2.7% on 2Q12, decreasing (0.7 bp) vs. 1Q12 and 2Q11. The decline in this indicator mostly stems from the accounting effect of recording Ps 1.81 billion in provisions generated by Banorte-Ixe Tarjeta' acquisition of the Credit Card portfolio and Ixe Banco's acquisition of other consumer loans.

Loan loss provisions accounted for 28% of Net Interest Income in 1H12 and 36% of Net Interest Income in 2Q12. Excluding the Ps 1.81 billion accounting impact, this indicator would have been 16.4% in 1H12 and 14.4% in 2Q12, comparing favorably with 19.5% in 1H11 and 18.5% in 1Q12.

Annualized loan loss provisions for 1H12 accounted for 2.5% of the average loan portfolio and 3.2% for the quarter. Excluding the accounting impact, this indicator would be 1.5% in 1H12 and 1.3% in 2Q12, which is a (0.4 pp) YoY reduction vs. 1H11 and 2Q11, and an improvement of (0.5 bp) vs. 1Q12.

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

- **Non Interest Income**

Non Interest Income (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Services	1,741	1,550	**1,796**	16%	3%	3,209	**3,346**	4%
Recovery	284	359	**337**	(6%)	19%	504	**696**	38%
Trading	219	1,182	**896**	(24%)	308%	736	**2,078**	182%
Other Operating Income (Expense)	734	780	**2,122**	172%	189%	1,140	**2,902**	155%
Non Interest Income	**2,979**	**3,871**	**5,151**	**33%**	**73%**	**5,589**	**9,022**	**61%**

Non Interest Income (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Fees Charged on Services	**2,808**	**2,765**	**2,856**	**3%**	**2%**	**5,075**	**5,622**	**11%**
Fees for Commercial and Mortgage Loans	13	41	**159**	289%	1165%	16	**200**	1166%
Fund Transfers	104	111	**124**	12%	19%	196	**235**	20%
Account Management Fees	279	300	**306**	2%	10%	535	**606**	13%
Fiduciary	82	84	**93**	10%	13%	157	**177**	13%
Income from Real Estate Portfolios	284	359	**337**	(6%)	19%	504	**696**	38%
Electronic Banking Services	211	242	**258**	6%	22%	413	**500**	21%
Credit Card Fees	709	825	**1,066**	29%	50%	1,410	**1,892**	34%
Fees from IPAB (1)	-	-	**-**	-	-	-	**-**	-
Fees charged by Afore	325	-	**-**	-	(100%)	629	**-**	(100%)
Other Fees Charged (2)	801	803	**513**	(36%)	(36%)	1,215	**1,316**	8%
Fees Paid on Services	**784**	**857**	**723**	**(16%)**	**(8%)**	**1,362**	**1,580**	**16%**
Fund transfers	9	11	**11**	(3%)	25%	18	**22**	20%
Other Fees Paid	775	845	**712**	(16%)	(8%)	1,343	**1,557**	16%
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-
Net Fees	**2,025**	**1,909**	**2,133**	**12%**	**5%**	**3,713**	**4,042**	**9%**
Trading Income	**219**	**1,182**	**896**	**(24%)**	**308%**	**736**	**2,078**	**182%**
Subtotal Other Operating Income (Expenses) (3)	362	460	**1,970**	328%	445%	597	**2,430**	307%
Non Operating Income (Expense), net (4)	248	195	**(21)**	(111%)	(108%)	305	**174**	(43%)
Other Operating Income (Expense) from Insurance and Annuities (5)	125	125	**173**	39%	39%	238	**298**	25%
Other Operating Income (Expenses)	**734**	**780**	**2,122**	**172%**	**189%**	**1,140**	**2,902**	**155%**
Non Interest Income	**2,979**	**3,871**	**5,151**	**33%**	**73%**	**5,589**	**9,022**	**61%**

1) Includes Fees received by Recovery Banking and by the Bank.
2) Includes fees from letters of credit, transactions with pension funds, bancassurance prepayments, financial advisory services and securities trading by the Brokerage House among others.
3) As of April 2009, the CNBV issued changes to the main accounting criteria that require recording this item under Non Interest Income. The majority of these revenues correspond to recoveries of previously charged-off loans.
4) In January 2011, the CNBV issued changes to the main accounting criteria requiring items that were previously registered under "Other Income and Expenses, net" after Net Operating Results, to be registered under Non Interest Income as of the stipulated date (Criteria D-2).
5) In January 2011, the CNBV issued changes to accounting criteria to consolidate Insurance and the Annuities' companies (Criteria A-2).

In addition to the previously mentioned A-2 Accounting Criteria, starting in 1Q11, Insurance and Annuities Companies use the D-2 Accounting Criteria to report Other Operating Income (Expenses) in the Income Statement. As a result, as of that quarter, "Non Operating Income, (Expenses) net", which was previously reported after "Net Operating Income", is now reported as "Non Interest Income", and "Other Operating Income (Expenses) from Insurance and Annuities" which was previously consolidated under the equity participation method, is now included in the results of the Financial Group. Both items are registered under "Other Operating Income (Expenses)."

Non Interest Income amounted to Ps 9.02 billion in 1H12, an increase of 61% YoY driven by increases in all headings, but mainly in Other Operating Income (Expenses) and Trading on the back of better business dynamics and the absorption of Ixe's operations.

Non Interest Income amounted to Ps 5.15 billion for the quarter, an increase of 33% on 1Q12 and 73% on 2Q11 due to the 2Q12 accounting entry of Ps 1.81 billion in Other Operating Income from the acquisition in accordance with B-6 criteria of the credit card portfolio of Banco Mercantil del Norte by Banorte - Ixe Tarjetas and the acquisition of other Banorte consumer loans by Ixe Banco; under B-6 accounting criteria this impact is offset by an increase of the same size in Loan Loss Provisions. Excluding income from this entry, Non Interest Income amounted to Ps 7.22 billion for the first half of the year, an increase of 29% on 1H11 as a result of better fee and trading income dynamics, and Ps 3.34 billion in 2Q12, growing 12% vs. 2Q11 due to higher fees and trading but decreasing (14%) vs. 1Q12 due to fewer recoveries and trading income.

- **Service Fees**

As a result of the merger of Afore Banorte with Afore XXI in January 2012, the results of Afore XXI Banorte are reported in the results of Banco Mercantil del Norte (which has a 50% interest in the Afore) using the equity participation method. Given the change in the way the Afore's results are reported, as of that quarter income from fees charged by this company is no longer presented in the Services heading.

Service Fees amounted to Ps 3.35 billion in 1H12, an increase of 4% YoY, resuming their recovery after absorbing the negative impact of 2011 regulatory changes, driven by the following annual increases derived from improved business dynamics: i) 34% in Credit Card fees on the back of an expansion in the credit card portfolio, and 61% in client transactions, ii) a Ps 118 million increase in Fees related to commercial and mortgage loans on bigger volumes in those segments; iii) 8% in Other Fees charged on a bigger Banorte-Ixe business volume, mainly in the area of Wholesale Banking; iv) 21% in electronic banking fees due to growth in the number of users and bigger business volumes, reversing the 2011 negative impact of new rules for charging ATM usage and the regulation of other fees, v) 13% in Account Management fees on more accounts, and vi) increases in fund transfer and Fiduciary income on improved business dynamics. Growth in these headings was partially offset by a 16% rise in Fees Paid due to larger interchange fees as a result of more credit and debit card transactions among clients as well as fees paid to Nacional Financiera in relation to the guarantees and the consolidation of Ixe Banco and Banorte-Ixe Tarjetas.

Service fees amounted to Ps 1.8 billion in 2Q12, +3% vs. 2Q11 and +16% vs. 1Q12. Growth vs. the previous quarter can be attributed to a 29% rise in Credit Card Fees, an increase in commercial loan and mortgage fees, lower costs in Insurance Fees given lower acquisition costs due to a decrease in retention premiums and a decrease in the reinsurance coverage costs; however, these positive impacts were partially offset by a (36%) decrease in Other fees charged, as in previous quarters income related to some restructurings was recorded. It should be pointed out that annual 3% growth was achieved in spite of fees generated by the Afore no longer being recorded in this heading, an accounting effect that was offset by an increase in credit card, and commercial & mortgage loan fees. For comparative purposes with previous years, service fees charged by the Afore during 1H12 were Ps. $1.14 billion and Ps. $719 million in 2Q12, 4% higher than in 1Q12 (50% correspond to Banorte).

- **Recoveries**

Non Interest Income from Recoveries (including previously written-off proprietary loans and foreclosed assets classified under "Other Operating Income (Expenses)") grew 6% YoY vs. 1H11 due to a 38% increase in the recovery of real estate portfolios which include income related to investment projects, mainly with homebuilders; however, income from acquired portfolio recoveries declined (22%) and income from previously written-off proprietary loans (9%).

Recoveries decreased (13%) QoQ vs. 2Q12 as income from previously written-off loans and foreclosed assets decreased (34%) overall, which was not entirely offset by the 19% growth in income from real estate portfolios. Likewise, they decreased (23%) vs. 1Q12 due to fewer real estate portfolio and acquired portfolio recoveries.

As at 2Q12, Ps 6.96 billion was invested in projects, a decrease of (1%) vs. 1Q12 and an increase of 25% vs. 2Q11.

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

- **Trading**

Trading fees amounted to Ps 2.08 billion for the first six months of the year, YoY growth of 182%, due to the integration of the results of IXE's subsidiaries, the positive impact of the valuation of securities in the Annuities Company, and favorable foreign exchange results.

For the quarter they amounted to Ps 896 million, 308% growth vs 2Q11 fueled by favorable foreign exchange transactions and securities trading results. Trading income decreased (24%) vs. 1Q12 owing to the negative impact of the valuation of securities at the Annuities company caused by higher inflation, which was not offset by improved foreign exchange transaction and securities trading income dynamics.

- **Other Operating Income and Expenses**

Other Operating Income (Expenses) (3) *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Subtotal Other Operating Income (Expenses)	**362**	**460**	**1,970**	**328%**	**445%**	**597**	**2,430**	**307%**
Loan Recovery	335	289	**326**	13%	(3%)	592	**614**	4%
Income from purchased assets	29	(4)	**(23)**	457%	(179%)	56	**(27)**	(148%)
Other Operating Income	(118)	194	**1,706**	781%	(1548%)	2	**1,900**	87616%
Other Operating Income (Expense)	116	(18)	**(40)**	121%	(134%)	(54)	**(58)**	8%
Non Operating Income (Expense), net	**248**	**195**	**(21)**	**(111%)**	**(108%)**	**305**	**174**	**(43%)**
Other Products	286	315	**413**	31%	45%	467	**728**	56%
Other Recoveries	82	174	**(8)**	(105%)	(110%)	213	**166**	(22%)
Other (Expenses)	(119)	(293)	**(425)**	45%	256%	(374)	**(719)**	92%
Other Operating Income (Expense) from Insurance and Annuities	**125**	**125**	**173**	**39%**	**39%**	**238**	**298**	**25%**
Other Operating Income (Expenses)	**734**	**780**	**2,122**	**172%**	**189%**	**1,140**	**2,902**	**155%**

As a result of the application of A-2 and D-2 Accounting Criteria, information pertaining to Insurance and Annuities Operations is reported under Other Operating Income (Expense) as well as information previously grouped under Other Products and Expenses, Net.

Other Operating Income (Expense) amounted to Ps 2.90 billion in 1H12, a YoY increase of 155% due mainly to the fact that in 2Q12 in accordance with B-6 criteria, Ps 1.81 billion was recorded in the Other Operating Income account from the acquisition by Banorte-Ixe Tarjetas of Banco Mercantil del Norte's Credit Card portfolio and other Banorte consumer loans by Ixe Banco, which offset an increase of the same size in Loan Loss Provisions.

Excluding income derived from this accounting entry, Other Operating Income (Expense) amounted to Ps 1.1 billion for the first half of the year, a YoY decrease of (4%) and Ps 315 million in 2Q12, a decrease of (60%) vs. 1Q12 on lower proprietary and acquired loan recoveries, and (57%) vs. 2Q11.

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

- **Non Interest Expense**

Non Interest Expense *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Personnel	2,575	2,814	**2,540**	(10%)	(1%)	4,241	**5,354**	26%
Professional Fees	517	631	**713**	13%	38%	1,045	**1,345**	29%
Administrative and Promotional	1,247	1,171	**1,362**	16%	9%	2,224	**2,533**	14%
Rents, Depreciation & Amortization	733	730	**756**	4%	3%	1,341	**1,485**	11%
Taxes other than income tax & non deductible expenses	325	527	**377**	(28%)	16%	639	**903**	41%
Contributions to IPAB	332	379	**395**	4%	19%	635	**773**	22%
Employee Profit Sharing (PTU) (1)	237	307	**314**	2%	32%	472	**621**	31%
Non Interest Expense	**5,965**	**6,558**	**6,457**	**(2%)**	**8%**	**10,597**	**13,015**	**23%**

1. As of April 2009, the Banking and Securities Commission (CNBV) issued accounting changes that require recording this item as a Non Interest Expense.

Non Interest Expense amounted to Ps 13.02 billion in 1H12, 23% higher YoY vs. 1H11 mainly due to the integration of IXE. The increase was across items, but especially in the following ones: i) Ps 1.11 billion in Personnel Expenses (+26%) due to the merger with Ixe, growth in business areas and personnel compensation; ii) Ps 310 million in Administration and Promotional Expenses (+14%) linked to expenses shared among subsidiaries related to the acquisition of SOFOM Banorte-Ixe Tarjetas, higher operating costs linked to the increase in credit card transactions and greater reserves for the points program as well as expenses related to cash movement due to more ATMs, and a larger transaction volume and the payment of insurance linked to the placement of mortgage and payroll loans; iii) Ps 300 million in Professional Fees (+29%) due to more advisory services linked to the business and loan recoveries as well as the purchase of the loan portfolio from Dexia by the government banking division; iv) Ps 264 million in Other taxes and Non deductible Expenses (+41%), due to an increase in current expenses and investment and a decrease in the VAT accreditation factor; v) Ps 145 million in Rents, Depreciations and Amortizations (+11%) due to investments in new furniture and fixture in buildings (like the Call Center), computer and software equipment, recognition of the depreciation of finished constructions, and amortization of projects capitalized in the Banorte-Ixe integration, higher office rents due to the effect of inflation and growth in the bank network which contemplates 23 new branches.

Expenses amounted to Ps 6.46 billion in 2Q12, an increase of 8% vs. 2Q11 due to growth in almost all headings derived from the merger with Ixe, except personnel expenses which decreased as a result of the synergies achieved. Non Interest Expense decreased (2%) vs. 1Q12, being the second straight quarter of a reduction in this heading and was mainly due to a reduction of Ps 274 million in Personnel Expenses (-10%) due to synergies obtained during the merger process and a reduction of Ps 150 million in Other Taxes and Non deductible Expenses, which offset an increase in Professional Fees Paid in relation to the acquisition of Dexia's portfolio and in Administrative and Promotional Expenses, and the sharing of expenses among subsidiaries derived from the acquisition of SOFOM Banorte-Ixe Tarjetas.

The Efficiency Ratio closed 1H12 at 51.7%, a (3.4 pp) decrease on 1H11 and 48.2% on 2Q12, a reduction of (9.5 pp) vs. 2Q11 due to positive operating leverage as well as the impact of the accounting entry in Non Interest Income from the acquisition of Banorte's Credit Card portfolio by SOFOM Banorte-Ixe Tarjetas and other consumer loans by Ixe Banco; excluding this impact as at 1H12 and 2Q12 the Efficiency Ratio would have been 55.7%, slightly above 2011 levels.

- **Taxes**

Income tax for 1H12 amounted to Ps 2.29 billion, 38% higher YoY and to Ps 1.15 billion in 2Q12, 42% higher YoY vs 2Q11 and 1% higher QoQ vs 1Q12; due in all cases to a higher profit base for calculating taxes. For 2Q12 the effective tax and employee profit-sharing (PTU) rate was 34.4%, below 1Q12's 35.5% but above 2Q11's 31.7%. The accumulated effective tax rate for 1H12 was 34.9%, 1.9pp above the 33.0% registered in the same period of 2011.

- **Subsidiaries and Minority Interest**

In the first half of 2012, subsidiaries and minority interest registered (Ps 325) million, below 1H11's (Ps 464) result derived from an improvement in profit levels at Subsidiaries due to the application of the results of Afore XXI Banorte using the equity participation method, which offset an increase in minority interest at Banco Mercantil del Norte, Insurance and Annuities.

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

The result for the quarter (Ps 160 million) is favorable compared to the (Ps 166) million registered in 1Q12 and (Ps 207) million registered in 2Q11 due to the positive impact of applying profits of Ps 149 million from the Afore, which once again offset an increase in minority interest at Banco Mercantil del Norte, Insurance and Annuities.

- **Net Income**

GFNorte's net income amounted to Ps 5.1 billion in 1H12, 32% more than in 1H11 derived from the integration of the results of Ixe and Afore XXI Banorte. Net income amounted to Ps 2.64 billion in 2Q12, a 7% increase on 1Q12 and +29% on 2Q11, due to greater positive operating leverage as well as less recurring provision requirements. Accumulated net income for the last 12 months totaled Ps 9.75 billion, 33% above the same 2011 period and 15% higher than accumulated net income for 2011 of Ps 8.52 billion.

2Q12 ROE was 14.2%, an increase of 180 basis points with respect to 2Q11. Return on Tangible Equity (ROTE) was 18.5% in 2Q12, 180 basis points above 2Q11 and 70 basis points above 1Q12. 1H12 ROE was 14%, an increase of 94 basis points on the same year-ago period.

Excluding integration costs for the quarter, extraordinary professional fees and the write-off of some of Ixe's assets owing to deterioration in 2Q12, Recurring Net Income would be Ps 2.73 billion, which is an increase of 11% on 1Q12 and 33% vs. 2Q11.

Net Income excluding extraordinaries

		Var. vs.	
	2Q12	1Q12	2Q11
Reported Net Income	$2,635	7%	29%
+ Integration Costs	$6		
+ Impact of Ixe Tarjetas	$0		
+ Impact of Ixe's Assets	$60		
+ Fees for Dexia portfolio purchase	$29		
Recurring Net Income	$2,730	11%	33%

Return on Tangible Equity (ROTE)

	2Q11	1Q11	2Q12
Reported ROE	12.4%	13.7%	14.2%
Goodwill / Intangibles	$16,077	$20,448	$19,687
Average Tangible Equity	$43,792	$51,458	$52,670
ROTE	16.7%	17.8%	18.5%

The Banking Sector's (Banco Mercantil del Norte, Ixe Banco and Banorte-Ixe Tarjetas) 1H12 Net Income totaled Ps 4.18 billion and accounted for 82% of GFNorte's total profits. This sector's ROE was 16.7% for the same period, an increase of 260 basis points on 1H11 and ROA was 1.3%, an increase of 30 basis points.

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- **Capitalization**

Banco Mercantil del Norte

Capitalization *(Million Pesos)*	2Q11	3Q11	4Q11	1Q12	2Q12	Change QoQ	Change YoY
Tier 1 Capital	41,855	42,597	42,003	43,965	43,975	0%	5%
Tier 2 Capital	12,648	13,969	8,366	8,122	11,544	42%	(9%)
Net Capital	54,502	56,566	50,369	52,087	55,519	7%	2%
Credit Risk Assets	240,598	255,255	270,972	275,232	280,620	2%	17%
Net Capital / Credit Risk Assets	22.7%	22.2%	18.6%	18.9%	19.8%	0.9 pp	(2.9 pp)
Total Risk Assets (1)	351,590	363,323	390,312	378,828	378,909	0%	8%
Tier 1	11.90%	11.72%	10.76%	11.61%	11.61%	0.0 pp	(0.3 pp)
Tier 2	3.60%	3.84%	2.14%	2.14%	3.05%	0.9 pp	(0.6 pp)
Capitalization Ratio	15.50%	15.57%	12.90%	13.75%	14.65%	0.9 pp	(0.8 pp)

1. Includes Market and Operational Risks. Without inter-company eliminations.
(*) The capitalization ratio of the reported last period is estimated

At the close of 1Q12 Banorte's Capitalization Ratio (CR) was 14.7% considering credit, market and operational risks and 19.8% if only credit risks are considered. The Tier 1 ratio was 11.6% and Tier 2 was 3.1%.

The Capitalization Ratio rose 0.9 percentage points (pp) versus 1Q12 due to the following effects:

1. Reinvestment of profits generated in 2Q12: + 0.6 pp
2. Subordinated Notes' Issuance (TIER 2, Jun-12): + 0.8 pp
3. Dividends received from Afore XXI Banorte (May-12): + 0.1 pp
4. Banorte - IXE Tarjetas' investment (Apr-12): - 0.4 pp
5. Valuation of Hedging Instruments: - 0.2 pp

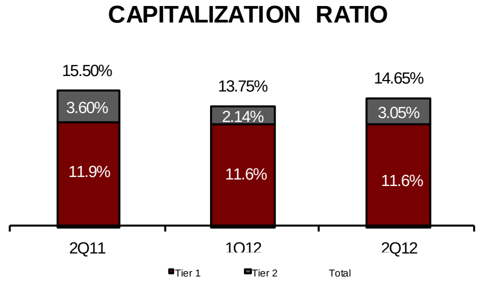
On an annual basis the 2Q12 Capitalization Ratio was (0.8) pp below 2Q11's due to:

1. Profits generated between 2Q11 and 2Q12: + 2.2 pp
2. Subordinated Notes' Issuance (TIER 2, Jun-12): + 0.8 pp
3. Dividends received from Afore XXI Banorte (Dic-11, May-12): + 0.2 pp
4. Growth in risk assets during this period: - 1.1 pp
5. Prepayment of Subordinated Notes (Oct-11): - 1.2 pp
6. Afore XXI Investment (Dic-11): - 0.8 pp
7. Banorte - IXE Tarjetas' Investment (Jan-12, Apr-12): - 0.7 pp
8. Valuation of Hedging Instruments: - 0.2 pp

Banorte has fully adopted the capitalization requirements established to date by Mexican authorities and international standards.

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

Banco Mercantil del Norte



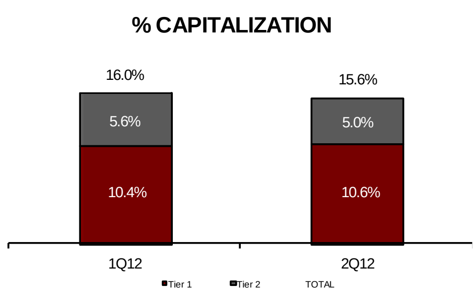
Ixe Banco

Capitalization *(Million Pesos)*	1Q12	2Q12
Tier 1 Capital	4,798	5,551
Tier 2 Capital	2,603	2,644
Net Capital	**$7,401**	**$8,195**
Credit Risk Assets	31,963	35,153
Market and Operational Risk Assets	14,291	17,435
Total Risk Assets (1)	**$46,254**	**$52,588**
Net Capital / Credit Risk Assets	23.15%	23.31%
Tier 1	10.37%	10.56%
Tier 2	5.63%	5.02%
Capitalization Ratio	**16.00%**	**15.58%**

As at the close of 2Q12 the Capitalization Ratio was 15.6% considering market, credit and operational risks and 23.3% considering only credit risks. The Tier 1 ratio was 10.6% and Tier 2 was 5.0%.

Compared to 1Q12 the Capitalization Ratio decreased by (0.42) pp due to the following effects:

1. Reinvestment of profits generated during 2Q12: + 0.3 pp
2. FX impact on Subordinated Notes: + 0.3 pp
3. Sale of IXE Tarjetas: + 0.9 pp
4. Increase in risk assets: - 1.8 pp
5. Decrease in loan loss reserves computable as Tier 2 Capital: - 0.1 pp



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

- **Deposits**

Grupo Financiero Banorte

Deposits (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY
Non Interest Bearing Demand Deposits	78,257	89,746	**93,324**	4%	19%
Interest Bearing Demand Deposits (1)	82,944	95,766	**97,933**	2%	18%
Total Demand Deposits (2)	161,201	185,511	**191,257**	3%	19%
Time Deposits – Retail	111,135	118,577	**122,665**	3%	10%
Core Deposits	272,336	304,088	**313,922**	3%	15%
Money Market (3)	61,032	68,484	**80,524**	18%	32%
Total Bank Deposits	**333,368**	**372,572**	**394,446**	6%	18%
GFNorte's Total Deposits (4)	**335,369**	**373,297**	**395,635**	6%	18%
Third Party Deposits	**140,005**	**119,578**	**128,995**	8%	(8%)
Total Assets Under Management	**473,373**	**492,150**	**523,441**	6%	11%

1. Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts to 2Q11, 1Q12 and 2Q12 were Ps 0 million, Ps 0 million and Ps 0 million, respectively.
2. Includes Debit Cards.
3. Includes Bank Bonds (Customers and Financial intermediaries).
4. Includes eliminations between subsidiaries (2Q11 = Ps (2,001) million; 1Q12= Ps (725) million; 2Q12= (1,190) million)

- **Deposits**

As at the close of 2Q12 Total deposits amounted to Ps 395.63 billion, an increase of Ps 60.27 billion or 18% higher YoY vs. 2Q11 driven mainly by efforts to promote Banorte-Ixe's deposit products. Demand deposits were up 19% YoY, Time Deposits +10% while Money Market registered a YoY increase of 32%.

Total deposits increased by Ps 22.34 billion, or a 6% YoY vs. 1Q12 driven by a 3% increase in Demand and Time deposits, in both cases the growth is normalizing after the negative seasonal effect of the previous quarter, and an 18% increase in Money Market deposits.

- **Demand and Time Deposits**

As at the close of 2Q12, Demand Deposits amounted to Ps 191.26 billion, an increase of Ps 30.06 billion, 19% YoY, driven by a 19% rise in non-interest bearing Demand Deposits due to the increase in the average balances of personal accounts (+17%) and corporate accounts (+25%). In the case of interest bearing Demand Deposits, YoY growth of 18% was also driven by increases in the average balances of personal accounts (+25%) and corporate accounts (+26%). Deposits from SMEs, Governments and Companies posted combined growth of 25% YoY.

On a quarterly basis Demand Deposits rose by Ps 5.75 billion, or 3% vs. 1Q12, on the back of a 4% increase in non interest bearing Demand Deposits and 2% in interest bearing Demand Deposits; growth in both components was generated by higher average balances in personal and corporate products, which show better dynamics after the seasonal decrease which is usually registered in the first quarter.

Time Deposits amounted to Ps 122.67 billion, an increase of Ps 11.53 billion, or 10% YoY, as a result of campaigns to sell promissory notes with various maturities through the branches as well as the incorporation of Ixe's deposits. Time Deposits were up Ps 4.01 billion for the quarter, or +3% versus 1Q12, posting a recovery following a seasonal reduction at the beginning of the year.

As a result of efforts to boost deposits, personal accounts increased by 16% and corporate accounts by 33% in 2Q12.

- **Money Market Deposits**

Money market deposits amounted to Ps 80.52 billion in 2Q12, an increase of 32% YoY and 18% QoQ. The increase was mainly due to the growing Financial Group's funding needs to support asset growth.

- **Third Party Deposits**

As at 2Q12 these deposits totaled Ps 128.99 billion, a YoY decrease of (8% result of the decrease in third party securities in external custody and third party securities in private banking, and an increase of 8% QoQ vs. 1Q12 due to higher third party securities in private banking and through the retail network.

- **Managed Resources**

As at 1H12, Managed Resources amounted to Ps. 523.44 billion, growing Ps. 50.07 billion or 11% YoY due to the higher Core Deposits, and a QoQ increase of Ps. 31.29 billion or 6% compared to 1Q12 due to an increase in all its components.

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

- **Loans**

Performing Loan Portfolio (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY
Commercial	115,235	123,087	**126,744**	3%	10%
Consumer	90,954	104,355	**108,626**	4%	19%
Corporate	49,994	57,727	**60,032**	4%	20%
Government	55,424	75,199	**82,845**	10%	49%
Sub Total	311,607	360,368	**378,248**	5%	21%
Recovery Bank	324	280	**224**	(20%)	(31%)
Total	311,931	360,648	**378,472**	5%	21%

Performing Consumer Loan Portfolio (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY
Mortgages	60,315	65,747	**67,662**	3%	12%
Car Loans	8,868	9,721	**9,975**	3%	12%
Credit Cards	10,866	14,631	**15,144**	4%	39%
Payroll	10,905	14,255	**15,846**	11%	45%
Consumer Loans	90,954	104,355	**108,626**	4%	19%

(Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY
Past Due Loans	7,547	6,588	**7,089**	8%	(6%)
Loan Loss Reserves	10,196	10,415	**10,406**	(0%)	2%
Acquired Rights	4,105	3,110	**3,136**	1%	(24%)

- **Total Performing Loans**

Total Performing Loans rose 21% YoY, growing by Ps $66.64 billion to Ps 378.25 billion at the close of 2Q12, excluding proprietary loans managed by Recovery Bank. For a ninth straight quarter, the loan portfolio showed sustained growth in all segments as a result of the bank's strategies to boost loan placements and a favorable economic environment characterized by industry-wide demand for credit.

Total Performing Loans rose 5% QoQ versus 1Q12, growing by Ps 17.88 billion on the back of solid performance across components, especially from the Payroll, Government, Credit Card and Corporate loan portfolios.

Portfolio growth by headings was as follows:

- **Individual Loans**

✓ **Consumer and Mortgage:** An increase of Ps 17.67 billion, or 19% vs. 2Q11, and Ps 4.27 billion or 4% QoQ, reporting a 2Q12 balance of Ps 108.63 billion as a result of favorable dynamics in all headings.

✓ **Mortgage:** An increase of Ps 7.35 billion or 12% YoY reporting a balance of Ps 67.66 billion driven by more mortgages for the middle-income and residential segments spurred by the launch of new mortgage products as well as the reactivation of mortgage products for liquidity, improvement of mortgage loan conditions, construction, remodeling and payment of liabilities. The loan portfolio grew by Ps 1.92 billion for the quarter, or 3% QoQ vs. 1Q12, with residential mortgage loans and other mortgage products displaying favorable dynamics. With respect to mortgage loan production, 7,631 mortgages totaling Ps 7.57 billion were placed during 1H12. Banorte had market share in mortgage balances of 15.6% as at March 2012, and a more than 21% share of new mortgage loan production, ranking second in both headings compared to the banking system.

- ✓ **Credit Cards:** In 1Q12 Banco Mercantil del Norte acquired JP Morgan Chase's 50% interest in the SOFOM Banorte Ixe Tarjeta's loan portfolio and so as of the first quarter of 2012, 100% of the portfolio is consolidated in GFNorte. The SOFOM Banorte-Ixe Tarjetas was subsequently formed, which in April acquired Banorte's Credit Card portfolio as part of the integration of this business into a single platform. The contractual value of the acquired portfolio amounted to Ps 11.76 billion and a purchase value (book value) of Ps 10.13 billion was registered. As at the close of 2Q12, the loan portfolio balance of credit cards amounted to Ps 15.14 billion, growth of 39% YoY and 4% QoQ. The annual growth is the result of the formerly mentioned consolidation of portfolios, while the quarterly reactivation in this segment is due to the adequate management of portfolio, as well as Banorte-Ixe product marketing campaigns and the Ixe Tarjetas integration. 261,790 new cards were placed during the year for YoY growth of 59%: as of 2Q12 Banorte-Ixe has 1.78 million credit cards, a 19% increase YoY; transactions reached Ps 20.2 billion during the first half of the year, growth of 61% YoY driven by card use promotional campaigns. The profitability of the credit card product has notably increased in recent months, again making it one of the bank's most profitable segments. Banorte-Ixe has a 6.4% market share in balances, ranking fifth in the system.

- ✓ **Payroll:** As at the close of 2Q12, YoY the loan portfolio grew by Ps 4.94 billion, or 45% YoY and by Ps 1.59 billion for the quarter, or 11% growth QoQ to total Ps 15.85 billion on the back of marketing campaigns for the Payroll (Credito de Nomina) product, a 31% YoY jump in the number of bank clients with a payroll account, which reached 3.75 million, and the strategy to boost cross sales, through several channels. New loan production amounted to Ps 10.72 billion in 1H12, or an increase of 41% on 1H11. Furthermore, 378,586 new loans were placed in 1H12, 38% more than in 1H11. Credito de Nomina remains the bank's most profitable product, registering robust growth over the last year along with good asset quality.

- ✓ **Cars:** Car loans grew by Ps 1.11 billion, or 12% YoY, and by Ps 254 million, or 3% QoQ in 2Q12, to Ps 9.98 billion on the back of favorable dynamics in car sales in Mexico as well as alliances with dealers to finance car purchases. New loan production for 1H12 rose 21% compared with the same year-earlier period; 21,089 new loans were placed during this period vs. 18,011 in 1H11. The profitability of this product has increased due to bigger volumes, good asset quality and car insurance cross selling, which is one of Aseguradora Banorte's most important insurance products.

- **II. Loans to Institutions**

- ✓ **Commercial:** Commercial loans grew by Ps 11.51 billion or 10% YoY, and by Ps 3.66 billion vs. 1Q12 to total Ps 126.74 billion. YoY growth can be attributed to the placement of middle market business loans, leasing and factoring and the reactivation of the Crediactivo product for businesses, and on a quarterly basis was mainly driven by growth in middle market business loans and Crediactivo. GFNorte SME loans amounted to Ps 26.55 billion, registering growth of Ps 5.99 billion, or 29% YoY and Ps 1.44 billion, or 6% versus 1Q12. The commercial portfolio's market share was 14.7% as at May, 2012, ranking second in the system (including the corporate portfolio).

SMEs Portfolio Evolution (million pesos)

	2Q11	1Q12	2Q12
Performing Portfolio	$20,551	$25,101	$26,545
% of Commercial Portfolio	17.8%	20.4%	20.9%
% de Total Performing Portfolio	6.6%	7.0%	7.0%
NPL Ratio	4.2%	3.1%	3.6%

- ✓ **Corporate:** As at the close of 2Q12, corporate loans amounted to Ps 60.03 billion, increasing by Ps 10.04 billion or 20% YoY and Ps 2.31 billion, or 4% QoQ vs. 1Q12. These increases can be attributed to improved dynamics in this sector and efforts by the corporate area to boost their placement. Banorte's corporate loan portfolio is diversified by sectors and regions and shows a low concentration. Banorte's 20 main corporate borrowers account for 12.6% of the bank's total loan portfolio, which is a decrease of 20 basis points on 1Q12. The largest corporate loan represents 1.9% of the total portfolio while the 20th represents 0.3%.

- ✓ **Government:** As at the end of 2Q12, government loans amounted to Ps 82.85 billion, an increase of Ps 27.42 billion, or 49% YoY, and Ps 7.65 billion, or 10% QoQ, driven by ongoing efforts to meet demand for credit in this segment, especially from state and municipal governments and decentralized entities, the purchase of the State of Mexico's loan portfolio from SOFOM Dexia for Ps 6.81 billion, and also in the YoY variation due to the refinancing of several clients' debt as part of a financial reengineering of their public finances. This segment´s portfolio grows 37% YoY and 1% QoQ, excluding the impact of Dexia's portfolio purchase. Banorte's government loan portfolio is diversified by sectors and regions and shows a low concentration. Banorte's main government borrowers account for 20.6% of the bank's total loan portfolio, 1.3 percentage points more than in 1Q12. The largest government loan accounts for 3.5% of the total loan portfolio while number 20 represents 0.3%. Furthermore, most of the loans Banorte grants have federal budget transfers as a source of repayment and borrowers have high credit ratings, making this segment the one with the lowest risk profile of the loan portfolio. Risk adjusted profitability of government banking is one of the highest of the Financial Group and so Banorte continues with its efforts to become the leading bank in this segment. As at March 2012, Banorte had a market share of 20.8% of the system making it the second largest institution in the banking industry.

- **Past Due Loans**

As at the close of 2Q12, past due loans amounted to Ps 7.09 billion, 6% below 2Q11, due to a decrease in almost all headings and an increase of 8% versus 1Q12 stemming mainly from an increase in past due loans in the Commercial and Credit Card segments. The growth in Past Due loans in commercial portfolio is due to arrears in Fincasa Hipotecaria, result of aligning this subsidiary to the Non Performing Loans policies of Banorte, as well as to increasing SMEs' past due loans because of the maturing process of new vintages and applying B-6 criteria; meanwhile the rise in credit card delinquencies is due to the seasonal effects of the product and to the maturing process of mostly, Ixe originated loans. Non Performing Loans in the banking sector grew only 3%, since these weren't affected by Fincasa's NPLs.

The trend in past due balances by segment during the quarter was:

Million pesos	Balance	Vs. 1Q12	Vs. 2Q11
Credit Cards	1,112	128	(15)
Payroll	285	58	87
Car loans	148	11	(12)
Mortgage	768	(90)	(318)
Commercial	3,474	372	(212)
Corporate	1,265	(14)	(23)
Government	37	36	37
Total	7,089	501	(458)

The Past Due Loan Ratio was 1.8% for 2Q12 (0.5 pp) below the 1H11 level and virtually flat vs. the previous quarter. The YoY decrease can be attributed to an improvement in the quality of the Mortgage, Commercial, Corporate, Credit Card and Car loan portfolios. Excluding the past due loans of US operations, the PDL ratio was 1.9% for 2Q12. The quality of the US bank (INB)' portfolio has notably improved, leading to a decrease in its PDL ratio from 11.4% to 1.3% between 1Q10 and 2Q12.

Over the last 12 months, Past Due Loan Ratios by segment, which as of 2Q11 include Ixe's PDL ratios, were as follows:

	2Q11	3Q11	4Q11	1Q12	2Q12
Credit Cards	9.4%	8.2%	7.3%	6.3%	6.8%
Payroll	1.8%	1.8%	1.7%	1.6%	1.8%
Car loans	1.8%	1.8%	1.6%	1.4%	1.5%
Mortgage	1.8%	2.0%	1.5%	1.3%	1.1%
Commercial	3.1%	2.9%	2.7%	2.5%	2.7%
Corporate	2.5%	2.4%	2.2%	2.2%	2.1%
Government	0.0%	0.8%	0.0%	0.0%	0.0%
Total	2.4%	2.4%	1.9%	1.8%	1.8%

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

Quarterly changes in the main headings that affect Non Performing Loans' balances for Banorte and Ixe Banco were:

Past Due Loan Variations (Million Pesos)	
Balance as of March '12	**6,191**
Transfer from Performing Loans to Past Due Loans	3,239
Portfolio Purchase	0
Renewals	(88)
Cash Collections	(623)
Discounts	(24)
Charge Offs	(739)
Foreclosures	(323)
Transfer from Past Due Loans to Performing Loans	(474)
Loan Portfolio Sale	(755)
Foreign Exchange Adjustments	15
Balance as of June '12	**6,418**

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

83% of the total loan portfolio is rated as Risk A, 15% as Risk B and 2% as Risk C, D and E combined.

Risk Rating of Performing Loans as of 2Q12-GFNorte *(Million Pesos)*					
	LOANS	LOAN LOSS RESERVES			
CATEGORY		COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	68,768	-	23	163	**186**
A1	177,554	827	-	-	**827**
A2	92,992	838	-	-	**838**
B	25,741	-	852	192	**1,044**
B1	24,587	472	390	-	**862**
B2	10,474	81	615	-	**696**
B3	2,318	250	-	-	**250**
C	2,736	-	801	156	**957**
C1	1,188	309	0	-	**309**
C2	1,126	528	-	-	**528**
D	2,033	373	1,022	7	**1,402**
E	2,402	2,048	309	18	**2,375**
Total	411,920	-	-	-	**-**
Not Classified	(88)	-	-	-	**-**
Exempt	85	-	-	-	**-**
Total	411,917	5,727	4,013	536	**10,276**
Reserves	-	-	-	-	**10,406**
Preventive Reserves	-	-	-	-	**131**

Notes:

1.- The ratings of loans and reserves created correspond to the last day of the month referred to in the Balance Sheet at June 30th, 2012.

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 and internal methodologies approved by the CNBV. For Mortgage and Consumer loans, Banorte uses the regulation described in the Official Gazette published on December 2, 2005, and for Commercial loans it uses internal methodologies approved by the CNBV.

3.- The additional loan loss reserves follow the rules applicable to banks and credit institutions.

4.- The Arrendadora and Factor risk rating is based on balances as at May, 2012, the reserve is established as at June 2012.

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

Loan Loss Reserves *(Million Pesos)*	2Q12
Previous Period Ending Balance	**10,531**
Provisions charged to results	3,190
Created with profitability margin	-
Reserve Portfolio Sold	(1,857)
Other items	-
Charge offs and discounts:	
Commercial Loans	(332)
Consumer Loans	(650)
Mortgage Loans	(497)
Foreclosed assets	-
	(1,479)
Cost of debtor support programs	(3)
Valorization and Others	24
Adjustments	-
Loan Loss Reserves at Period End	**10,406**

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

At the end of the quarter balance sheet reserves amounted to Ps 10.41 billion, similar to the level registered at the end of 1Q12, as total provisions amounting to Ps 3.190 billion were offset by Ps 1.48 billion in write-downs during the quarter and the corresponding Loan Loss Reserves of Loans sold. From the quarterly Loan Loss Reserves, 42% belong to Consumer, 11% to Commercial/Business, 16% to Mortgage, 17% to Government, 0% to Corporate, 1% to benefits, charge offs and discounts, and 13% to Ixe reserves. On the other hand, 44% of charge-offs and discounts belong to Consumer, 32% to Mortgage and 22% to Commercial.

The reserve coverage ratio was 146.8% at the end of 2Q12 (147.8% excluding INB).

In accordance with National Banking and Securities Commission (CNBV) provisions, in 2011 the bank created loan loss reserves for mortgage loans and non-revolving consumer loans as well as additional reserves for the leasing and factoring and credit card operations.

In the case of loans granted to states and municipalities, in October 2011 a new rating methodology came into effect. The resolution modifies the existing model of reserves based on public ratings in order to establish a methodology under which the loan portfolio is rated and provisioned based on projected losses for the following 12 months taking default probability, severity of exposure to loss and exposure to default probability into account for each client. The resolution became effective on October 6th, 2011, and banks were given the option of applying it as of the third or fourth quarter of 2011. GFNorte opted to apply the methodology as of September 2011 in the case of the Banorte loan portfolio, and as of December 31st for the other subsidiaries.

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

BANKING SECTOR

Banking Sector: Banco Mercantil del Norte, Ixe Banco, Banorte- Ixe Tarjetas and Afore XXI Banorte (50% ownership)

Income Statement and Balance Sheet Highlights-Banking Sector (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Income Statement								
Net Interest Income	6,169	7,182	**7,276**	1%	18%	11,842	**14,458**	22%
Non Interest Income	2,653	3,201	**4,923**	54%	86%	4,670	**8,124**	74%
Total Income	8,821	10,383	**12,199**	17%	38%	16,512	**22,582**	37%
Non Interest Expense	5,081	5,917	**6,015**	2%	18%	9,191	**11,933**	30%
Provisions	1,291	1,186	**3,043**	157%	136%	2,628	**4,229**	61%
Operating Income	2,450	3,280	**3,141**	(4%)	28%	4,694	**6,421**	37%
Taxes	691	991	**952**	(4%)	38%	1,363	**1,943**	43%
Subsidiaries & Minority Interest	70	54	**223**	311%	219%	117	**277**	136%
Net Income	1,829	2,343	**2,412**	3%	32%	3,448	**4,755**	38%
Balance Sheet								
Total Assets	665,900	699,731	**715,310**	2%	7%	665,900	**715,310**	7%
Performing Loans (a)	295,937	344,055	**362,744**	5%	23%	295,937	**362,744**	23%
Past Due Loans (b)	6,829	6,124	**6,298**	3%	(8%)	6,829	**6,298**	(8%)
Total Loans (a+b)	302,766	350,180	**369,042**	5%	22%	302,766	**369,042**	22%
Total Loans Net (d)	293,347	340,876	**359,278**	5%	22%	293,347	**359,278**	22%
Acquired Collection Rights (e)	2,477	2,023	**2,093**	3%	(16%)	2,477	**2,093**	(16%)
Total Loans (d+e)	295,824	342,899	**361,370**	5%	22%	295,824	**361,370**	22%
Total Liabilities	614,995	642,466	**655,693**	2%	7%	614,995	**655,693**	7%
Total Deposits	333,368	372,572	**394,446**	6%	18%	333,368	**394,446**	18%
Equity	50,905	57,265	**59,617**	4%	17%	50,905	**59,617**	17%

Financial Ratios Banking Sector	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Profitability:								
NIM (1)	4.0%	4.3%	**4.5%**	0.1 pp	0.5 pp	4.0%	**4.4%**	0.3 pp
NIM after Provisions (2)	3.2%	3.6%	**2.6%**	(1.0 pp)	(0.6 pp)	3.1%	**3.1%**	(0.0 pp)
ROE (3)	14.4%	16.8%	**16.5%**	(0.3 pp)	2.1 pp	14.1%	**16.7%**	2.6 pp
ROA (4)	1.1%	1.3%	**1.4%**	0.0 pp	0.3 pp	1.1%	**1.3%**	0.3 pp
Operation:								
Efficiency Ratio (5)	57.6%	57.0%	**49.3%**	(7.7 pp)	(8.3 pp)	55.7%	**52.8%**	(2.8 pp)
Operating Efficiency Ratio (6)	3.3%	3.3%	**3.4%**	0.1 pp	0.1 pp	3.1%	**3.3%**	0.3 pp
Liquidity Ratio (7)	99.6%	91.4%	**90.0%**	(1.3 pp)	(9.6 pp)	99.6%	**90.0%**	(9.6 pp)
Asset Quality:								
Past Due Loan Ratio	2.3%	1.7%	**1.7%**	(0.0 pp)	(0.5 pp)	2.3%	**1.7%**	(0.5 pp)
Coverage Ratio	137.9%	151.9%	**155.0%**	3.1 pp	17.1 pp	137.9%	**155.0%**	17.1 pp
Past Due Loan Ratio w/o Banorte USA	2.2%	1.7%	**1.7%**	0.0 pp	(0.5 pp)	2.2%	**1.7%**	(0.5 pp)
Coverage Ratio w/o Banorte USA	143.4%	157.4%	**156.3%**	(1.1 pp)	13.0 pp	143.4%	**156.3%**	13.0 pp
Growth (8)								
Performing Loans (9)	27.9%	33.8%	**22.6%**	(11.2 pp)	(5.3 pp)	27.9%	**22.6%**	(5.3 pp)
Core Deposits	23.3%	29.9%	**15.3%**	(14.6 pp)	(8.0 pp)	23.3%	**15.3%**	(8.0 pp)
Total Deposits	19.6%	24.3%	**18.3%**	(6.0 pp)	(1.3 pp)	19.6%	**18.3%**	(1.3 pp)
Capitalization:								
Net Capital/ Credit Risk Assets	22.7%	18.9%	**19.8%**	0.9 pp	(2.9 pp)	22.7%	**19.8%**	(2.9 pp)
Total Capitalization Ratio	15.5%	13.7%	**14.7%**	0.9 pp	(0.8 pp)	15.5%	**14.7%**	(0.8 pp)

1) NIM = Annualized Net Interest Margin for the quarter / Performing Assets Average.
2) NIM = Annualized Net Interest Margin for the quarter adjusted for Credit Risks / Performing Assets Average.
3) Net Income of the period annualized as a percentage of the quarterly average of Equity (without minority interest) for the same period.
4) Net Income of the period annualized as a percentage of the quarterly average of Total Assets (without minority interest) for the same period.
5) Non Interest Expenses / Total Net Income
6) Annualized Non Interest Expenses of the quarter / Total Assets Average
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 of 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.

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

- **Net Interest Income.**

Net Interest Income-Banking Sector (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Interest Income	11,587	13,001	**12,965**	(0%)	12%	21,944	**25,966**	18%
Interest Expense	5,583	6,042	**5,870**	(3%)	5%	10,390	**11,913**	15%
Loan Origination Fees	204	273	**242**	(12%)	19%	362	**515**	42%
Fees Paid	39	49	**60**	22%	56%	74	**110**	48%
Net Interest Income	**6,169**	**7,182**	**7,276**	**1%**	**18%**	**11,842**	**14,458**	**22%**
Provisions	1,291	1,186	**3,043**	157%	136%	2,628	**4,229**	61%
Net Interest Income Adjusted for Credit Risk	**4,878**	**5,997**	**4,233**	**(29%)**	**(13%)**	**9,215**	**10,230**	**11%**
Average Interest Earning Assets	614,288	664,204	**651,222**	(2%)	6%	586,458	**659,857**	13%
Net Interest Margin (1)	4.0%	4.3%	**4.5%**	0.1 pp	0.5 pp	4.0%	**4.4%**	0.3 pp
NIM after Provisions (2)	3.2%	3.6%	**2.6%**	(1.0 pp)	(0.6 pp)	3.1%	**3.1%**	(0.0 pp)

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

In 1H12 Net Interest Income grew by 22% YoY from Ps 11.84 billion to Ps 14.46 billion driven by a 23% rise in net interest income and loan origination fees following the absorption of Ixe Banco, growth in performing loans and a stable cost of funding.

Net Interest Income grew 18% YoY in 2Q12 and 1% vs. 1Q12 to Ps 7.28 billion, mainly on the back of more loans placed and a stable cost of funding. Considering only interest income and net fees related to loan origination, Net Interest Income was up 21% vs. 2Q11 and +5% vs. 1Q12.

The average Net Interest Margin (NIM) was 4.4% as at 1H12 and 4.5% in 2Q12, registering growth of 0.3 pp vs. the first half of 2011 and 0.5 pp vs. 2Q11; in both cases a higher NIM can be attributed to a bigger increase in Net Interest Income compared to Average Productive Assets.

- **Loan Loss Provisions**

In 1H12 Provisions charged to results reached Ps 4.23 billion, a 61% increase on 1H11 and Ps 3.04 billion in 2Q12. Higher provisions are mainly due to SOFOM Banorte-Ixe Tarjeta's acquisition of Banco Mercantil del Norte's Credit Card portfolio as well as the acquisition of other consumer loan portfolio by Ixe Banco at a discount to the contractual value. Under B-6 accounting criteria the company acquiring the portfolio must record in Provisions the amount entered in the Other Operating Income account, which in this case is Ps 1.81 billion. Thus, and in line with the aforementioned accounting criteria, there is no economic impact at the Net Income level.

Excluding the accounting effect, Provisions would have amounted to Ps 2.42 billion in 1H12, a decrease of (8%) vs. 1H11 and to Ps 1.24 billion in 2Q12, an increase of 4% vs. 1Q12, and a decrease of (4%) vs. 2Q11.

The average NIM adjusted for Credit Risks was 3.1% in 1H12, flat vs. the previous year and 2.6% in 2Q12, comparing unfavorably with 1Q12 and 2Q11, mainly due to the abovementioned accounting effect.

- **Non Interest Income**

Non Interest Income (Million Pesos)	2Q11	2Q11	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Services	1,438	1,654	**1,743**	5%	21%	2,643	**3,396**	28%
Recovery	284	359	**337**	(6%)	19%	504	**696**	38%
Trading	352	621	**877**	41%	149%	551	**1,498**	172%
Other Operating Income (Expense)	579	567	**1,966**	246%	240%	971	**2,533**	161%
Non Interest Income	**2,653**	**3,201**	**4,923**	**54%**	**86%**	**4,670**	**8,124**	**74%**

In 1Q11 new Accounting Criteria was implemented, among them the so-called D-2 for reporting Other Operating Income (Expenses) in the Income Statement. As a result, as of that quarter the heading "Other Products (Expenses), net" which had previously come after "Net Operating Profit (Loss)" was included in "Non Interest Income".

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

During 2Q12 an accounting impact of Ps. 1.81 billion was registered in Other Operating Income due to the credit card portfolio acquisition of Banco Mercantil del Norte as well as the acquisition of other consumer loan portfolio by Ixe Banco; according to the B-6 criteria, the given impact is offset by an increase of the same amount in Loan Loss Provisions.

In 1H12 Non Interest Income amounted to Ps 8.12 billion, growth of 74% YoY due to increases in all headings. Excluding the income of this accounting effect. Non Interest Income rose to Ps. 6.32 billion in the 1H12, an increase of 35% vs. 1H11, due to better dynamics in all headings.

Non Interest Income amounted to Ps 4.92 billion for the quarter, increasing 54% vs. 1Q12 and 86% vs. 2Q11 or Ps. 3.12 billion. Excluding the accounting impact, it increased by 17% vs. 2Q11 due to higher fees and trading income, but decreased (3%) QoQ, result of fewer Recoveries.

- **Non Interest Expenses**

Non Interest Expense (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Personnel	2,229	2,606	**2,380**	(9%)	7%	3,786	**4,986**	32%
Professional Fees	376	493	**607**	23%	61%	815	**1,100**	35%
Administrative and Promotional	1,061	1,030	**1,307**	27%	23%	1,899	**2,338**	23%
Rents, Depreciation & Amortization	610	668	**704**	5%	16%	1,111	**1,372**	24%
Taxes other than income tax & non deductible expenses	239	440	**319**	(28%)	34%	481	**759**	58%
Contributions to IPAB	332	379	**395**	4%	19%	635	**773**	22%
Employee Profit Sharing (PTU) (1)	234	302	**303**	1%	30%	466	**605**	30%
Non Interest Expense	**5,081**	**5,917**	**6,015**	**2%**	**18%**	**9,191**	**11,933**	**30%**

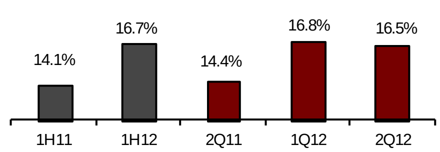
Non Interest Expenses totaled Ps 11.93 billion in 1H12, 30% more YoY owing mainly to the merger with Ixe which triggered increases across headings. Expenses amounted to Ps 6.02 billion in 2Q12, an increase of 18% vs. 2Q11 and 2% vs. 1Q12.

The 1H12 Efficiency ratio was 52.8%, (2.8 bp) below 1H11 and 49.3% in 2Q12, a reduction of (8.3 bp) vs. 2Q11 due to positive operating leverage as well as the accounting impact, formerly mentioned; excluding this impact the Efficiency ratio would be 57.4% for 1H12 and 57.9% for 2Q12.

- **Net Income**

Banking Sector net income (Banco Mercantil del Norte, Ixe Banco Banorte-Ixe Tarjetas and Afore XXI Banorte, in its corresponding 50% participation) amounted to Ps 4.76 billion in 1H12, 38% above 1H11 due to the integration of the results of Ixe and Afore XXI Banorte's results. It was Ps 2.41 billion for 2Q12, 32% above 2Q11 because of less recurring provision requirements and an increase of Ps. 169 millions in subsidiaries´ income because of the growing contribution of Afore XXI Banorte. For the first half of 2012 this sector posted a ROE of 16.7%, an increase of 260 basis points on 1H11, and a ROA of 1.3%, an increase of 30 basis points.

ROE
(BANKING SECTOR)



- **NPL Ratio**

The Banking Sector Past Due Loan Ratio was 1.7% as at 2Q12 (it includes INB's past due loans), (0.5 bp) below 1H11 and flat vs. 1Q12.

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

BANORTE USA

I. Banorte USA

INCOME STATEMENT *Banorte USA* *Figures in MEX GAAP (Million Pesos)*	2Q11	1Q12	2Q12	Change vs 1Q12	Change vs 2Q11	1H11	1H12	Change vs 1H11
Income Statement								
Net Interest Income	163	168	**174**	3%	7%	324	**341**	5%
Non Interest Income *	95	89	**121**	36%	28%	121	**211**	74%
Total Income	257	257	**295**	15%	15%	445	**552**	24%
Non Interest Expense	164	183	**199**	8%	21%	335	**382**	14%
Loan Loss Reserves*	43	23	**52**	125%	21%	43	**75**	75%
Operating Income	51	51	**45**	(11%)	(11%)	67	**95**	42%
Taxes	16	17	**15**	(13%)	(10%)	21	**32**	50%
Net Income	34	34	**30**	(10%)	(12%)	46	**64**	38%

*In 2Q11 a loss of Ps 28 million from the sale of loans in Provisions was reclassified; in 1Q11 the amount was reported in Non Interest Income.

Under generally accepted Mexican accounting principles (MEX GAAP), the Net Income of Banorte USA (a subsidiary that owns 100% of Inter National Bank as well as 100% remittance companies Uniteller and Motran) was Ps 64 million in 1H12, a 38% increase YoY, driven mainly by positive operating leverage on the back of higher Total Income compared to the previous year. Profit was Ps 30 million for 2Q12, decreasing (10%) vs. 1Q12 owing to greater loan loss provisions.

II. Inter National Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET HIGHLIGHTS- Inter National Bank *Figures in US GAAP (Million Dollars)*	2Q11	1Q12	2Q12	Change vs 1Q12	Change vs 2Q11	1H11	1H12	Change vs 1H11
Income Statement								
Net Interest Income	14	14	**13**	(3%)	(8%)	28	27	(6%)
Non Interest Income *	16	5	**7**	48%	(57%)	8	12	36%
Total Income	31	18	**20**	10%	(34%)	37	38	4%
Non Interest Expense	12	12	**13**	7%	6%	25	25	2%
Loan Loss Reserves*	14	0	**4**	2178%	(68%)	13	5	(63%)
Operating Income	4	6	**3**	(57%)	(41%)	(1)	8	1208%
Taxes	3	4	**2**	(56%)	(40%)	(0.2)	6	2551%
Balance Sheet								
Investment in Securities	749	853	**804**	(6%)	7%	749	804	7%
Performing Loans	823	733	**712**	(3%)	(13%)	823	712	(13%)
Past Due Loans	36	17	**10**	(44%)	(73%)	36	10	(73%)
Demand Deposits	798	848	**803**	(5)%	1%	798	803	1%
Time Deposits	1,062	889	**864**	(3%)	(19%)	1,062	864	(19%)
Total Deposits	1,860	1,738	**1,667**	(4%)	(10%)	1,860	1,667	(10%)
Equity	400	416	**419**	1%	5%	400	419	5%

*In 2Q11 US $12 million were reclassified to Loan Loss Reserves of al loss in a portfolio sale, during 1Q11, the amount was registered in Non Interest Income.

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

Financial Ratios INB ***Figures in US GAAP***	**2Q11**	**1Q12**	**2Q12**	**Change vs 1Q12**	**Change vs 2Q11**	**1H11**	**1H12**	**Change vs 1H11**
Profitability:								
NIM	3.4%	3.2%	**3.0%**	(0.2)	(0.3)	3.2%	3.2%	0.0%
ROE	2.9%	3.7%	**1.6%**	(2.1)	(1.3)	(0.1%)	2.7%	2.8
ROA	0.5%	0.7%	**0.3%**	(0.4)	(0.2)	0.0%	0.5%	0.5
Operational:								
Efficiency Ratio	40.4%	66.8%	**65.2%**	(1.6)	24.8	67.2%	66%	(1.3)
Asset Quality:								
Past Due Loan Ratio	4.2%	2.3%	**1.3%**	(1.0)	(2.9)	4.2%	1.3%	(2.9)
Coverage Ratio	68.0%	110.5%	**144.0%**	33.5	76	68.0%	144.0%	76.0
Capitalization:								
Leverage Ratio	8.6%	9.9%	**10.1%**	0.2	1.5	8.6%	10.1%	1.5
Capitalization Ratio	20.9%	24.6%	**25.9%**	1.3	5.0	20.9%	25.9%	5.0

Under the generally accepted accounting principles of the United States, (US GAAP) Inter National Bank (INB) registered a profit of US $6 million in 1H12, above the 1H11's loss, mainly as a result of less loan loss provisions and positive operating leverage due to more Non Interest Income. The bank posted 2Q12 profit of US $2 million, decreasing US $2 million vs. 1Q12 due to decreasing Financial Margins and greater Loan Loss Provisions.

With respect to INB's assets, it has an investment portfolio of US $804 million focusing mainly on mortgage-backed securities, which grew by US $55 million, a YoY increase of 7%, but a QoQ decrease of US $49 million, or (6%). The mortgages backing these securities have been rated AAA, and have an implicit guarantee from the US government. As at 1H12, the portfolio includes an unrealized gain from the valuation of these securities amounting to US $22 million and the average weighted maturity is 3.6 years.

Total Deposits amounted to US $1.67 billion, decreasing US $193 million (10%) YoY, and US $71 million (4%) QoQ. Performing Loans were US $712 million, a reduction of US $111 million or (13%) YoY and US $21 million or (3%) QoQ, while Past Due Loans amounted to US $10 million, decreasing by US $26 million, or (73%) YoY, and by US $7 million or (44%) QoQ, due to the bank's strategy to reduce its Classified Assets.

Capitalization and Leverage Ratios remain robust. The 1H12 capitalization ratio was 25.9% and the Leverage Ratio was 10.1%. The Past Due Loans Ratio decreased by (1.0) bp QoQ and by (2.9) bp YoY to 1.3%, while the Coverage Ratio rose by 33.5 bp QoQ and by 76 bp YoY to 144.0%.

Regarding Profitability indicators, ROE rose by 2.8 bp YoY to 2.7%, ROA increased by 0.5 bp YoY to 0.5%, the Efficiency Ratio decreased (1.3) bp YoY to 66%. Finally, the NIM remained flat YoY at 3.0%.

III. Sólida USA

In order to reduce the level of Classified Assets and achieve levels acceptable to the OCC, INB's regulator in the United States, INB sold assets to Banorte and Sólida Administradora de Portafolios. These assets are managed by "Sólida USA", Banorte's recovery subsidiary in the United States.

As a result of these sales, the ratio of Classified Assets to Tier 1 capital has significantly decreased. As at the end of 2Q12 the ratio was 29.7% vs. 57.5% 12 months ago.

As at 2Q12, Sólida USA's Assets under Management comprise the following:

Solida Mexico's Foreclosed Assets:	US $49 million
Banorte Assets: (1)	US $100 million
INB Classified Assets:	US $62 million
Total:	US$211 million

(1): Includes portfolio purchase to INB.

BANORTE

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

RECOVERY BANKING

Income Statement Highlights - Recovery Banking (Million Pesos)	1H11	1H12	Change 1H11
Net Interest Income	(2)	12	(722%)
Loan Loss Provisions	(9)	(9)	(2%)
Non Interest Income	777	897	15%
Non Interest Expense	(438)	(482)	10%
Pre-tax Income & Subsidiaries	328	418	27%
Income Tax and Profit Sharing	(98)	(127)	31%
Net Income	**231**	**291**	**26%**

Assets Under Management (Million Pesos)	2Q12	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Banking Sector Portfolio- Banorte:	**36,438**	Banorte's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Loans purchased and managed:	**33,564**	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida /
Investment Projects (1):	**6,962**	Solida Asset Management and Banorte	Non Interest Income
Banking Sector Portfolio- Ixe:	**7,003**	Ixe's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Total	**83,966**		

(1) Since May 2011, the business related with Investment Projects is managed by the Wholesale Banking Division.

As at the close of 2Q12, of Banorte's total assets amounting to Ps 36.4 billion managed by the Recovery Bank, 26% correspond to mortgages, 19% to credit cards, 15% to Crediactivo, 9% to payroll, 9% to middle-market companies, 7% to car loans, 4% to corporate, 4% to commercial, 4% to foreclosed assets, 1% to personal loans, 1% to Pronegocio and 1% to Subsidiaries. In 1H12 this portfolio generated income of Ps 543 million, 16% higher YoY.

As at the end of 2Q12, of the Ps 33.6 billion in portfolios acquired and managed by the Recovery Bank, 32% corresponded to middle market business and commercial portfolios, 30% to mortgages, 19% to the portfolio managed on behalf of the Mexican mortgage agency SHF, 11% to real estate portfolios and 8% to foreclosed assets and payments in kind. Income generated by these portfolios in 1H12 amounted to Ps. 218 million (7%) vs 1H11.

As at the close of 2Q12, the Recovery Bank managed Ps 7 billion in assets originated by Ixe, of which 46% corresponded to middle-market companies, 28% to mortgages, 11% to consumer loans, 10% to foreclosed assets and 5% to commercial loans.

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

BROKERAGE

Brokerage Sector *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Brokerage								
Net Income	95	111	**164**	47%	73%	192	**275**	43%
Shareholder's Equity	2,811	2,146	**2,325**	8%	(17%)	2,811	**2,325**	(17%)
Assets Under Custody	488,454	604,095	**627,187**	4%	28%	488,454	**627,187**	28%
Total Assets	37,048	46,467	**87,629**	89%	137%	37,048	**87,629**	137%
ROE	15.9%	18.8%	**29.3%**	10.5 pp	13.4 pp	17.3%	**23.4%**	6.1 pp
Net Capital								
Net Capital	2,264	1,674	**1,825**	9%	(19%)	2,264	**1,825**	(19%)

- **Net Income**

The Brokerage Sector (Ixe Casa de Bolsa and Ixe Fondos) posted a Ps 275 million profit for the first half of 2012, 43% higher than in 1H11. This growth was driven by an increase in resources managed by mutual funds which translate into higher service fees as well as higher income at wealth management & private banking, investment banking and structured financing.

2Q12 profits amounted to Ps 164 million, growth of 47% on 1Q12 and 73% vs. 2Q11. These growth rates were achieved on the back of more revenues at mutual funds, wealth management & private banking, structured financing as well as a lower level of inter-company expenses.

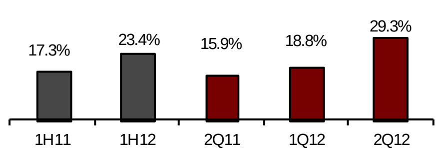
- **Mutual Funds**

As at the close of 2Q12, the assets managed by Banorte-Ixe mutual funds amounted to Ps 95 billion, growth of 25% YoY compared with the combined balance of both banks' mutual fund operators as at 2Q11. Assets managed by the fixed-income mutual funds amounted to Ps $87.8 billion, which is a combined increase of 33% YoY while equity mutual funds managed assets amounted to Ps 7.5 billion, a decrease of (25%) YoY. As at the end of June, Banorte-Ixe has a 6.7% share of the mutual funds market, fixed-income funds have a 7.4% share and equity funds a 3.1% share.

- **Assets Under Custody**

As at the close of 2Q12 AUC reached Ps 627.2 billion, a YoY increase of 28%, and a YoY increase of 4% due to growth in funds managed by mutual funds and money market resources.

ROE (BROKERAGE SECTOR)



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

LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Afore (1)								
Net Income (a)	108	249	**298**	20%	176%	195	**547**	180%
Shareholder's Equity	1,975	2,325	**2,202**	(5%)	12%	1,975	**2,202**	12%
Total Assets	2,228	2,773	**2,642**	(5%)	19%	2,228	**2,642**	19%
AUM (SIEFORE)*	91,190	215,532	**225,155**	4%	147%	91,190	**225,155**	147%
ROE	22.5%	54.9%	**52.7%**	(2.2 pp)	30.1 pp	20.8%	**56.3%**	35.5 pp
Insurance (2)								
Net Income	136	240	**293**	22%	115%	325	**533**	64%
Shareholder's Equity	2,761	2,541	**2,834**	12%	3%	2,761	**2,834**	3%
Total Assets	15,320	16,518	**18,354**	11%	20%	15,320	**18,354**	20%
Technical Reserves	8,919	10,616	**10,954**	3%	23%	8,919	**10,954**	23%
Premiums sold	2,804	3,503	**3,449**	(2%)	23%	5,317	**6,952**	31%
Coverage ratio of technical reserves	1.3	1.2	**1.2**	0.1 pp	(0.0 pp)	1.3	**1.2**	(0.0 pp)
Capital coverage ratio of minimum guarantee	2.0	1.4	**1.7**	0.4 pp	(0.3 pp)	2.0	**1.7**	(0.3 pp)
Coverage ratio of minimum capital requirement	N.A.	N.A.	**N.A.**	-	-	N.A.	**N.A.**	-
Coverage ratio of minimum capital	31.0	34.5	**34.5**	0.0 pp	3.4 pp	31.0	**34.5**	3.4 pp
ROE	20.3%	36.6%	**43.6%**	7.0 pp	23.4 pp	24.1%	**39.6%**	15.5 pp
Annuities (2)								
Net Income	6	32	**29**	(10%)	398%	(13)	**61**	(583%)
Shareholder's Equity	1,016	1,177	**1,207**	3%	19%	1,016	**1,207**	19%
Total Assets	29,356	36,556	**38,088**	4%	30%	29,356	**38,088**	30%
Technical Reserves	28,040	35,059	**36,650**	5%	31%	28,040	**36,650**	31%
Premiums sold	2,324	1,890	**1,916**	1%	(18%)	4,107	**3,805**	(7%)
Coverage ratio of technical reserves	1.0	1.0	**1.0**	0.0 pp	0.0 pp	1.0	**1.0**	0.0 pp
Capital coverage ratio of minimum guarantee	2.1	N/A	**N/A**	-	-	2.1	**N/A**	-
Coverage ratio of minimum capital requirement	N.A.	N.A.	**N.A.**	-	-	N.A.	**N.A.**	-
Coverage ratio of minimum capital	8.1	8.5	**8.5**	0.0 pp	0.4 pp	8.1	**8.5**	0.4 pp
ROE	2.3%	11.1%	**9.7%**	(1.4 pp)	7.4 pp	(2.5%)	**10.4%**	12.9 pp

1. Since 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.
   a) For information and comparison purposes to the profits of this sector, Afore XXI Banorte's Net Income is presented in this table
2. As of January 2011, new accounting criteria came into effect in which the information for the Insurance and Annuities companies are consolidated in GFNorte.

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

- **Afore**

At the end of 2011, the merger of Afore XXI and Afore Banorte took place in which Banco Mercantil del Norte has a 50% participation. It previously had a 51% participation in Afore Banorte Generali and results were consolidated in Banco Mercantil del Norte using the straight line method; however, as it is no longer a majority shareholder of Afore XXI Banorte, results are now consolidated in the bank using the equity participation method.

The AFORE posted 1H12 net income of Ps 547 million, 180% higher YoY. Profit for the quarter amounted to Ps 298 million, 20% higher QoQ vs. 1Q12 and a 176% increase on 2Q11 due to more assets under management derived from the merger with Afore XXI. As a result of this merger and efforts to capture more accounts, managed funds amounted to Ps 225.16 billion, growing 147% YoY and 4% QoQ.

As at the end of June, Afore XXI Banorte had a 12.9% share of managed funds, ranking 4th in the market with more than 7.24 million managed accounts (this figure does not include 4.7 million accounts managed by Afore XXI with resources deposited in Banco de México), which account for 16.9% of system accounts, ranking second in the market.

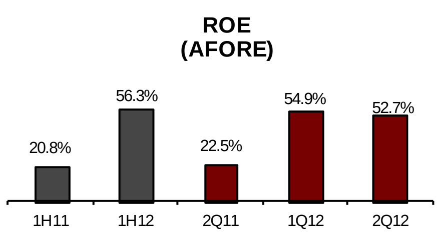
- **Insurance**

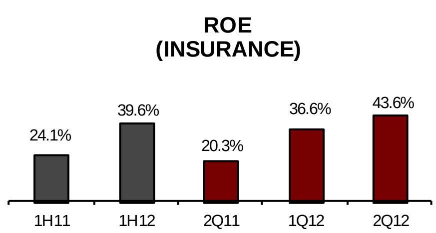
Profit for the first half of 2012 amounted to Ps 533 million (51% of which corresponds to GFNorte), 64% growth YoY, due to growth in income from premiums and financial revenue, which offset an increase in damages, claims and other obligations. Profit for the quarter amounted to Ps 293 million, growth of 22% on 1Q12 and 115% on 2Q11; these growth rates are due to a decrease in the net technical reserve requirements which offset an increase in damages, claims and other obligations.

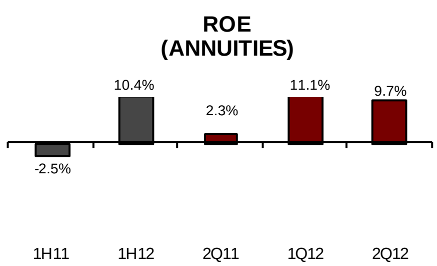
Issued premiums rose by 31% YoY reaching Ps 6.95 billion as at the first half of the year. Meanwhile, the balance of technical reserves reached Ps 10.95 billion, 23% higher YoY and 3% QoQ.

- **Annuities**

In 1H12 annuities reported net income of Ps 61 million (51% corresponded to GFNorte), growing Ps 74 million versus 1H11. Profit for the quarter amounted to Ps 29 million, an increase of Ps 23 million versus 2Q11 (+398%), but a decrease of (10%) QoQ vs.1Q12. The YoY increase was due to more financial products derived from the positive impact on valuation of inflation-indexed instruments as well as lower impairments in securities compared to 2011. Net income in the quarter decreased due to greater technical reserves requirements.







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

OTHER FINANCE COMPANIES

Other Finance Companies (1) *(Million Pesos)*	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Leasing and Factoring								
Net Income	159	126	**152**	20%	(5%)	297	**278**	(7%)
Shareholder's Equity	2,227	2,506	**2,658**	6%	19%	2,227	**2,658**	19%
Loan Portfolio (1)	16,738	18,273	**18,707**	2%	12%	16,738	**18,707**	12%
Past Due Loans	108	67	**120**	79%	11%	108	**120**	11%
Loan Loss Reserves	286	287	**257**	(11%)	(10%)	286	**257**	(10%)
Total Assets	16,520	18,235	**18,720**	3%	13%	16,520	**18,720**	13%
ROE	29.6%	20.4%	**23.5%**	3.1 pp	(6.1 pp)	28.7%	**21.9%**	(6.8 pp)
Warehousing								
Net Income	9	8	**8**	7%	(2%)	20	**16**	(16%)
Shareholder's Equity	226	246	**255**	4%	13%	226	**255**	13%
Inventories	201	18	**367**	1889%	82%	201	**367**	82%
Total Assets	346	264	**568**	115%	64%	346	**568**	64%
ROE	15.4%	12.8%	**13.4%**	0.6 pp	(2.0 pp)	18.0%	**13.1%**	(4.9 pp)
Ixe Automotriz								
Net Income	13	8	**(2)**	(129%)	(119%)	13	**6**	(54%)
Shareholder's Equity	320	285	**283**	(1%)	(12%)	320	**283**	(12%)
Loan Portfolio (1)	1,454	1,183	**1,072**	(9%)	(26%)	1,454	**1,072**	(26%)
Past Due Loans	70	80	**71**	(12%)	1%	70	**71**	1%
Loan Loss Reserves	61	53	**57**	6%	(8%)	61	**57**	(8%)
Total Assets	1,559	1,248	**1,107**	(11%)	(29%)	1,559	**1,107**	(29%)
ROE	31.6%	10.5%	**-3.3%**	(13.8 pp)	(34.9 pp)	23.7%	**3.8%**	(19.8 pp)
Fincasa Hipotecaria								
Net Income	18	(77)	**(145)**	90%	(908%)	18	**(222)**	(1333%)
Shareholder's Equity	693	621	**655**	6%	(5%)	693	**655**	(5%)
Loan Portfolio (1)	4,067	3,716	**3,561**	(4%)	(12%)	4,067	**3,561**	(12%)
Past Due Loans	230	360	**491**	36%	114%	230	**491**	114%
Loan Loss Reserves	238	319	**225**	(29%)	(6%)	238	**225**	(6%)
Total Assets	4,709	4,289	**4,204**	(2%)	(11%)	4,709	**4,204**	(11%)
ROE	20.8%	-46.5%	**-91.1%**	(44.6 pp)	(111.9 pp)	15.6%	**-67.5%**	(83.1 pp)

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

- **Leasing and Factoring**

In 1H12, Arrendadora y Factor Banorte posted a profit of Ps 278 million and of Ps. 152 million in 2Q12, a contraction of (7%) YoY vs. 1H11 and a decrease of (5%) YoY vs.2Q11 due to greater provisions, a less favorable dollar-pesos portfolio mix and a decrease in cars auctions; in 2Q12 net income grew 20% versus 1Q12 driven by a higher volume of loan placements and lower provisions.

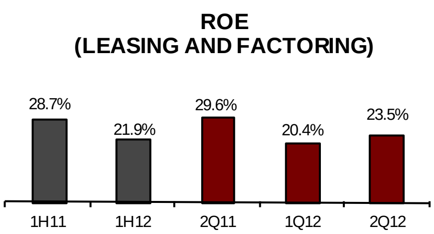
As at the end of 2Q12, the Past Due Loan Ratio was 0.64%, an increase of 27 basis points versus 1Q12 while the Capitalization Ratio closed the quarter at 14% based on total risk weighted assets of Ps 19.83 billion.

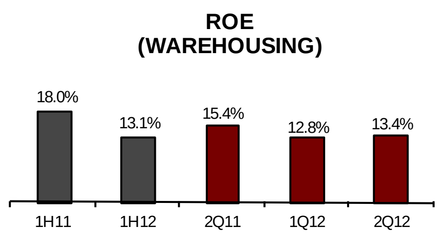
Arrendadora y Factor Banorte ranks first in terms of loans and assets among the 40 companies in this sector according to the Mexican Association of Leasing Companies, Credit and Factoring, AC (Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C.(AMSOFAC).

- **Warehouse**

Warehousing reported 1H12 net income of Ps 16 million, registering a YoY decrease of (16%) due to a lower level of inventories and the creation of provisions. Profit for the quarter amounted to Ps 8 million, growth of 7% QoQ driven by higher income related to inventories, but decreased (2%) vs. 2Q11.

As at the end of 2Q12, the Capitalization Ratio was 6.5% considering Ps. 3.34 billion in total certificates at risk outstanding. Banorte's warehousing business ranks 4th among the sector's 19 warehousing companies in terms of profits generated.





- **Ixe Automotriz**

For the first half of 2012, Ixe Automotriz registered net income of Ps 6 million, a decrease of (54%) YoY. For the quarter it recorded a Ps 2 million loss. Lower net income was due to the fact that Ixe Automotriz's portfolio is being amortized, and new business is not being generated.

- **Fincasa Hipotecaria**

Fincasa Hipotecaria posted a 1H12 loss of Ps 222 million, as result of a decrease in loans placement, the increase of reserves for individual loans to adjust them to Banorte's rating policies, recognition of an estimate in accounts receivable of SHF and write-offs of the subsidiary.

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

OTHER COMPANIES

Other Companies (Million Pesos)	2Q11	1Q12	2Q12	Change QoQ	Change YoY	1H11	1H12	Change 1H11
Ixe Soluciones								
Net Income	(18)	(72)	**(69)**	(3%)	278%	(18)	**(141)**	669%
Shareholder's Equity	408	279	**258**	(7%)	(37%)	408	**258**	(37%)
Loan Portfolio (1)	416	286	**285**	(0%)	(31%)	416	**285**	(31%)
Past Due Loans	311	173	**204**	18%	(34%)	311	**204**	(34%)
Loan Loss Reserves	191	75	**104**	38%	(46%)	191	**104**	(46%)
Total Assets	1,504	1,337	**1,290**	(4%)	(14%)	1,504	**1,290**	(14%)
ROE	-36.0%	-92.0%	**-103.2%**	(11.2 pp)	(67.2 pp)	-27.0%	**-95.9%**	(68.9 pp)
Ixe Servicios								
Net Income	2	(1)	**(0)**	(73%)	(117%)	2	**(2)**	(178%)
Shareholder's Equity	22	21	**20**	(2%)	(7%)	22	**20**	(7%)
Total Assets	33	27	**29**	7%	(11%)	33	**29**	(11%)
ROE	72.3%	-22.7%	**-6.4%**	16.3 pp	(78.8 pp)	54.3%	**-14.6%**	(68.9 pp)

- **Ixe Soluciones**

Ixe Soluciones posted a first half loss of Ps 141 million due to write-downs of securities' investments.

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

RATINGS

International Ratings

Rating Agency	Rated Intitutions	Rating	Category	Date
Standard & Poor's	Banorte	STABLE	Outlook	December, 2011
		BBB-	Counterparty credit - Long term foreign currency	
		BBB-	Counterparty credit - Long term local currency	
		A-3	Counterparty credit – Short term foreign currency	
		A-3	Counterparty credit - Short term local currency	
		BBB-	Senior Unsecured Notes	
Fitch	Grupo Financiero Banorte	STABLE	Outlook	March, 2012
		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	
	Banorte	STABLE	Outlook	
		bbb	Viability	
		BBB	Long Term Foreign currency	
		F2	Short Term Foreign Currency	
		C	Individual – Foreign Currency	
		2	Support Rating -Banorte	
		BBB-	Support Rating Floor -Banorte	
	Ixe Banco	STABLE	Outlook	
		bb	Viability	
		BBB	Long Term Foreign currency	
		F2	Short Term Foreign Currency	
Moody's	Banorte	STABLE	Outlook BFSR	November, 2011
		C –	Modest Financial Strength	
		STABLE	Outlook GLC	
		Baa1	Foreign long - term bank deposits*	
		P-2	Foreign short- term bank deposits*	
		A3	Local long - term bank deposits	
		P-2	Local short - term bank deposits	
			* Foreign Currency	
	Banorte	Baa1	Long term local currency subordinated debt (Tier 2)	
		Baa2	Long term local currency subordinated debt (Tier 1)	
		Baa1	Long term foreign currency subordinated debt (Tier 2)	
		Ba1	Long term foreign currency subordinated debt	
		A3	Senior Notes	
	Casa de Bolsa	STABLE	Outlook	
		A3	Issue Rating Long Term	
		P-2	Issue Rating Short Term	
	Arrendadora y Factor Banorte	STABLE	Outlook	
		A3	Issue Rating Long Term	
		P-2	Issue Rating Short Term	

BANORTE

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

Domestic Ratings

Rating Agency	Rated Institutions	Rating	Category	Date
Moody's	Banorte	Aaa.mx	Long term Deposits	November, 2011
		MX-1	Short term Deposits	
		MX-1	National Scale Issue Rating Short Term	
		Aa1.mx	National Scale Long term subordinated junior debt	
	Casa de Bolsa	STABLE	Outlook	
		Aaa.mx	Issue Rating local currency Long Term	
		MX-1	Issue Rating local currency Short Term	
	Arrendadora y Factor Banorte	STABLE	Outlook	May, 2012
		Aaa.mx	National Scale Issue Rating local currency long Term	
		MX-1	National Scale Issue Rating local currency shortTerm	
Standard & Poor's	Ixe Banco	STABLE	Outlook	December, 2011
		BBB-	Global Scale-Long Term	
		A-3	Global Scale-Short Term	
		mxA-1	National Scale Counterparty credit - short term	
		mxAA+	National Scale Counterparty - long term	
		BB	Global Scale- Subordinated Junior Notes	
	Ixe Casa de Bolsa	STABLE	Outlook	
		mxA-1	National Scale Counterparty credit - short term	
		mxAA+	National Scale Counterparty credit - long term	
	Fincasa Hipotecaria	STABLE	Outlook	
		mxA-	National Scale Counterparty credit - long term	
		mxA-2	National Scale Counterparty credit - short term	
		mxA	National Scale Counterparty credit - long term	
	Ixe Automotriz	STABLE	Outlook	
		mxA-1	National Scale Counterparty credit - short term	
		mxA+	National Scale Counterparty - long term	
Fitch	Grupo Financiero Banorte	BBB	Long Term Local currency (IDR'S)	March, 2012
		F2	Short Term Local currency (IDR'S)	
	Banorte	STABLE	Outlook	
		BBB	Long Term Local currency (IDR'S)	
		F2	Short Term Local currency (IDR'S)	
		AA + (mex)	National Scale Counterparty - long term	
		F1 + (mex)	National Scale Counterparty - short term	
		F1 + (mex)	Depo. Certi. y P.R.L.V. a Short Term	
		AA + (mex)	Depo. Certi. y P.R.L.V. a Long Term	
		A+ (mex)	National Scale Long term subordinated debt	
	Ixe Banco	ESTABLE	Outlook	
		AA+ (mex)	National Scale Counterparty- long term	
		F1+(mex)'	National Scale Counterparty - short term	
		BB-'	Junior Subordinated perpetual notes	
		BB-'	Junior Subordinated securities	
		C/D	Individual	
	Casa de Bolsa Banorte - Ixe	STABLE	Outlook	
		F1 + (mex)	National Scale short term	
		AA + (mex)	National Scale long term	
		AA + (mex)	National Scale Counterparty- long term	
		F1 + (mex)	National Scale Counterparty - short term	
		AA + (mex)	National Scale - long term rating	
		F1 + (mex)	National Scale - short term rating	
	Fincasa Hipotecaria	AA+(mex)'	National Scale Counterparty- long term	
		F1+(mex)'	National Scale Counterparty - short term	
		F1+(mex)'	National Scale - short term Senior Notes	
	Ixe Automotriz	AA+(mex)'	National Scale Counterparty- long term	
		F1+(mex)'	National Scale Counterparty - short term	
		F1+(mex)'	National Scale - short term Senior Notes	
	Seguros Banorte Generali	AA+ (mex)	Fortaleza Financiera del Asegurador	January, 2012
HR Ratings	Banorte	STABLE	Outlook	May, 2012
		HR AAA	Long Term debt	
		HR+1	Short Term debt	
		HR AA+	Subordinated Debt Preferential	

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

INFRASTRUCTURE

INFRASTRUCTURE	2Q11	1Q12	2Q12
Employees	24,504	24,086	**24,034**
Banking (1)	19,196	19,553	**19,931**
Other	5,308	4,533	**4,103**
Branches (2)	1,311	1,292	**1,302**
INB	20	21	21
ATM's	6,222	6,531	**6,637**
POS's	79,885	96,960	**102,204**

1. Includes INB since 4Q06, Uniteller since 1Q07 and Ixe since 2Q11.
2. 5 banking modules are considered as branches. Does not include Remote Tellers. Does not include 1 branch in the Cayman Islands.

- As at the close of 2Q12 there were 1,302 branches, 10 more compared to 1Q12. The number of branches has decreased by 9 over the last 12 months, a YoY decrease of (1%) due to branch closures under Banorte's efficiency program. The total number of branches takes into account 174 Ixe Banco branches.

- 415 ATMs were enabled over the last 12 months, YoY growth of 7%, increasing the ATM network to 6,637 as at the end of 2Q12. This growth includes 211 Ixe ATMs.

- 22,319 Point of Sale Terminals (POS) were activated during the year, YoY growth of 28%, bringing the number of installed POS to 102,204 as at end June, 16,526 of which belong to Ixe.

- As at the end of 2Q12 there were 2,969 contact points through third party correspondent agreements with 7-Eleven and Telecomm-Telégrafos.

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

BROKEARAGE. GFNORTE ANALYST COVERAGE

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

TICKER: GFNORTE

BROKER	ANALYST	RECOMMENDATION	DATE
Credit Suisse	Marcello Telles	Buy	April 27, ‘12
Goldman Sachs	Jason Mollin	Buy	July 16, ‘12
Itaú BBA	Regina Longo	Buy	May 9, ‘12
Morgan Stanley	Jorge Kuri	Buy	May 8, ‘12
Santander	Boris Molina	Buy	June 11, ‘12
UBS	Philip Finch	Buy	June 25, ‘12
Barclays	Fabio Zagatti	Hold	June 28, ‘12
Citi	Daniel Abut	Hold	June 13, ‘12
Deutsche Bank	Mario Pierry	Hold	April 27, ‘12
GBM	Lilian Ochoa	Hold	April 30, ‘12
HSBC	Víctor Galliano	Hold	April 20, ‘12
Intercam	Enrique Mendoza	Hold	April 26, ‘12
JP Morgan	Saúl Martínez	Hold	July 13, ‘12
Vector	Rafael Escobar	Hold	May 10, ‘12
BBVA	Ernesto Gabilondo	Sell	Jan 25, ‘12
BOFA - Merill Lynch	Jorg Friedmann	Sell	Jan 30, ‘12

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

GRUPO FINANCIERO – GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	2Q12
Banco Mercantil Del Norte, S.A. (1)	**92.72%**
Banorte USA (2)	**100.00%**
Retirement Funds – Afore (2)	**50.00%**
Leasing and Factoring	**100.00%**
Warehouse	**100.00%**
Annuities	**51.00%**
Insurance	**51.00%**
Ixe Banco, S.A.	**100.00%**
Ixe Casa De Bolsa, S.A. De C.V.	**100.00%**
Ixe Fondos, S.A. De C.V.	**100.00%**
Ixe Servicios, S.A. De C.V.	**100.00%**
Ixe Automotriz, S.A. De C.V.	**100.00%**
Ixe Soluciones, S.A. De C.V.	**100.00%**
Fincasa Hipotecaria, S.A. De C.V.	**100.00%**

1. As a result of the merger with Pronegocio on August 31st, 2009. Reflects the IFC investment in capital of Banco Mercantil del Norte because the operation was finalized in 4Q09.

2. Subsidiary of Banco Mercantil del Norte. Banorte USA owns 100% of Uniteller and 100% of INB Financial Corp.

Holding Company Capital Structure	
Number of Shares (Million)	**SERIE O** As of June '12
Number of Shares Outstanding	2,326.36
Shares held in the bank's Treasury	0

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

Group Officers 2Q12	
NAME	CURRENT POSITION
Alejandro Valenzuela del Río	Chief Executive Officer, Grupo Financiero Banorte
BUSINESS UNITS	
Marcos Ramírez 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
Víctor Antonio Roldán Ferrer	Managing Director – Transactional Corporate Banking
José Armando Rodal Espinosa	Managing Director – Business & Corporate Banking
Carlos Eduardo Martínez González	Managing Director – Government Banking
Alejandro Eric Faesi Puente	Managing Director – Markets & Institutional Sales
Ricardo Velásquez	Managing Director – Int. Banking and Financial Institutions
Carlos Alberto Arciniega Navarro	Managing Director – Treasury
René Gerardo Pimentel Ibarrola	Managing Director – Asset Management and Business Development & Research
Javier Molinar Horcasitas	Managing Director – Banorte-Ixe's Integration
Jesús Garza Martínez	Managing Director – Retail and Commercial Banking
Manuel Romo Villafuerte	Managing Director –Ixe Bank & Credit Cards
Fernando Solís Soberón	Managing Director – Long Term Savings
Samuel J. Munafo	Managing Director – Banorte USA
Luis Fernando Orozco	Managing Director – Asset Recovery
STAFF	
Alejandro Garay Espinosa	Managing Director – Corporate Services
Benjamín Vidargas Rojas	Managing Director - Audit
Carla Juan Chelala	Managing Director - Marketing
Héctor Martín Ávila Flores	Co- Managing Director - Legal
Armando Rivero Laing	Co- Managing Director - Legal
Javier Márquez Diez-Canedo	Managing Director - Risk
Guillermo Güemez Sarre	Managing Director –Technology
Rafael Arana de la Garza	Chief Financial Officer
Sergio García Robles Gil	Chief Corporate Officer
Alejandro Vázquez Salido	Managing Director - Communications and Institutional Relations

BANORTE

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

HOLDING

Income Statement-Holding *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	2011	1H12
Income Subsidiaries	1,834	2,054	2,132	2,161	2,430	2,519	8,181	4,949
Interest Income	2	1	2	4	7	11	9	18
Interest Expense	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	-	-	-
Trading Income	-	-	-	-	-	-	-	-
Other Operating Income (Expense)	-	-	-	-	-	(0)	-	(0)
Non Interest Expense	4	9	4	49	25	25	66	49
Pre-Tax Income	**1,831**	**2,046**	**2,130**	**2,116**	**2,412**	**2,505**	**8,124**	**4,917**
Income Tax	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	0	(3)	1	(2)	(1)	1	(4)	(0)
Taxes	**0**	**(3)**	**1**	**(2)**	**(1)**	**1**	**(4)**	**(0)**
Net Income from Continuos Operations	**1,831**	**2,049**	**2,130**	**2,118**	**2,414**	**2,504**	**8,128**	**4,917**
Extraordinary Items, net	-	-	-	-	-	-	-	-
Net Income	**1,831**	**2,049**	**2,130**	**2,118**	**2,414**	**2,504**	**8,128**	**4,917**

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

Holding - Balance Sheet *(Million Pesos)*	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**
ASSETS						
Cash and Due from Banks	**126**	**42**	**252**	**422**	**1,034**	**743**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**-**
Investment in Securities	**-**	**45**	**44**	**61**	**65**	**16**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**-**	**-**	**-**	**-**	**-**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Operations w/Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**
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.receivab.securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	6	6	6	6	7	9
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	-	-	-	-	-
Investment in Subsidiaries	48,331	56,145	57,952	59,085	60,630	63,339
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	1	4	4	6	7	6
Goodwill and Intangibles	31	11,100	11,098	11,416	11,394	11,069
Other Assets Short and Long Term	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
	48,370	67,256	69,059	70,512	72,038	74,423
TOTAL ASSETS	**48,496**	**67,343**	**69,355**	**70,996**	**73,137**	**75,181**

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

Holding - Balance Sheet *(Million Pesos)*	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**
LIABILITIES						
Deposits	**-**	**-**	**-**	**-**	**-**	**-**
Due to Banks & Correspondents	**-**	**-**	**-**	**-**	**-**	**-**
Total Collateral sold	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total Operations w/ Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**
Margin Accounts Payable	-	-	-	-	-	-
Other Creditors & Accounts Payable	0	0	-	-	1	0
Other Payable Accounts	**0**	**0**	**-**	**-**	**1**	**0**
Subordinated Non Convertible Debt	-	-	-	-	-	-
Deferred Taxes, Net	-	-	-	-	-	-
Deferred Credits	-	-	-	-	-	-
TOTAL LIABILITIES	**0**	**0**	**-**	**-**	**1**	**0**
EQUITY						
Paid-in Capital	12,019	13,098	13,098	13,098	13,098	13,098
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	2,248	18,911	18,915	18,511	18,511	18,511
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	**14,267**	**32,008**	**32,013**	**31,608**	**31,608**	**31,608**
Capital Reserves	3,165	3,224	3,224	3,224	3,224	3,224
Retained Earnings	31,499	30,939	30,941	30,548	38,258	37,837
Surplus (Deficit) of Secs Available for Sale	562	511	117	196	570	737
Results from Valuation of Hedging Secs	(1,615)	(2,057)	(2,725)	(2,537)	(2,334)	(2,821)
Results from Conversions	(1,213)	(1,163)	(225)	(172)	(603)	(322)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-
Resultos of Non Monetary - Investment Assets	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-
Net Income	1,831	3,880	6,010	8,128	2,414	4,917
Earned Capital	**34,229**	**35,334**	**37,342**	**39,387**	**41,527**	**43,573**
Minority Interest	-	-	-	-	-	-
Total Equity	**48,496**	**67,343**	**69,355**	**70,996**	**73,136**	**75,181**
TOTAL LIABILITIES & EQUITY	**48,496**	**67,343**	**69,355**	**70,996**	**73,137**	**75,181**

Holding - Memorandum Accounts *(Million Pesos)*	**1Q11**	**2Q11**	**3Q11**	**4Q11**	**1Q12**	**2Q12**
Securities held under Custody	3,716	3,716	3,716	3,716	3,716	3,716
Other Registration Accounts						
	3,716	3,716	3,716	3,716	3,716	3,716

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

GRUPO FINANCIERO BANORTE

Income Statement -GFNorte *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	2011	1H12
Interest Income	11,281	13,011	13,659	14,129	14,586	15,441	52,081	30,026
Interest Expense	5,040	6,238	6,557	6,574	6,686	7,753	24,409	14,438
Charged Fees	159	214	261	289	284	252	922	536
Fees Paid	35	41	48	95	50	60	219	110
Net Interest Income from interest & fees (NII)	**6,365**	**6,946**	**7,315**	**7,749**	**8,134**	**7,880**	**28,375**	**16,014**
Premium Income (Net)	3,622	3,925	3,706	4,022	4,258	3,814	15,275	8,073
Net Increase in Technical Reserves	2,319	1,917	2,080	3,001	2,637	1,381	9,316	4,018
Damages, Claims and Other Obligations	1,391	1,585	1,711	1,405	1,833	2,068	6,092	3,901
Net Interest Income (NII)	**6,277**	**7,369**	**7,232**	**7,364**	**7,923**	**8,245**	**28,242**	**16,168**
Preventive Provisions for Loan Losses	1,338	1,318	1,650	1,133	1,467	2,992	5,438	4,459
Net Interest Income Adjusted for Credit Risk	**4,940**	**6,051**	**5,582**	**6,231**	**6,456**	**5,253**	**22,804**	**11,709**
Fees for Commercial and Mortgage Loans	3	13	17	16	41	159	50	200
Fund Transfers	92	104	108	117	111	124	421	235
Account Management Fees	255	279	314	311	300	306	1,160	606
Fiduciary	75	82	80	116	84	93	353	177
Other Fees	719	1,126	1,032	1,216	803	513	4,092	1,316
Income from Real Estate Portfolios	220	284	260	353	359	337	1,117	696
Electronic Banking Services	202	211	224	234	242	258	872	500
For Consumer and Credit Card Loans	701	709	748	831	825	1,066	2,990	1,892
Fees Charged on Services	**2,267**	**2,808**	**2,784**	**3,196**	**2,765**	**2,856**	**11,055**	**5,622**
Fund transfers	10	9	9	10	11	11	37	22
Other Fees	568	775	719	780	845	712	2,842	1,557
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-
Fees Paid on Services	**578**	**784**	**728**	**790**	**857**	**723**	**2,879**	**1,580**
Foreign Exchange	173	287	358	365	229	653	1,182	882
Securities-Realized Gains	132	93	128	995	120	441	1,349	562
Securities-Unrealized Gains	212	(161)	373	(177)	833	(199)	247	635
Trading Income	**517**	**219**	**859**	**1,184**	**1,182**	**896**	**2,778**	**2,078**
Loan Recoveries	257	335	243	372	289	326	1,207	614
Income from purchased assets	27	29	10	33	(4)	(23)	99	(27)
Other Operating Income	120	(118)	80	214	194	1,706	296	1,900
Other Operating Expense	(169)	116	(27)	(20)	(18)	(40)	(101)	(58)
Other Products	182	286	299	859	315	413	1,625	728
Other Recoveries	131	82	107	132	174	(8)	451	166
Other Operating Expense	(255)	(119)	(198)	(685)	(293)	(425)	(1,258)	(719)
Other Operating Income (Expense) from Insurance and Annuities	113	125	136	120	125	173	494	298
Total Non Interest Income	**2,611**	**2,979**	**3,564**	**4,614**	**3,871**	**5,151**	**13,767**	**9,022**
Total Operating Income	**7,550**	**9,030**	**9,145**	**10,845**	**10,327**	**10,404**	**36,571**	**20,731**
Personnel	1,666	2,575	2,289	3,352	2,814	2,540	9,882	5,354
Employee Profit Sharing (PTU)	235	237	217	196	307	314	885	621
Professional Fees	528	517	555	600	631	713	2,200	1,345
Administrative and Promotional Expenses	977	1,247	1,276	1,364	1,171	1,362	4,864	2,533
Rents, Depreciation & Amortization	608	733	796	731	730	756	2,867	1,485
Taxes other than income tax & non deductible expenses	314	325	339	392	527	377	1,370	903
Contributions to IPAB/Fobaproa	302	332	342	364	379	395	1,341	773
Total Non Interest Expense	**4,631**	**5,965**	**5,814**	**6,999**	**6,558**	**6,457**	**23,409**	**13,015**
Operating Income	**2,919**	**3,065**	**3,332**	**3,846**	**3,769**	**3,947**	**13,162**	**7,716**
Subsidiaries' Net Income	(14)	40	(39)	(28)	126	162	(41)	288
Pre-Tax Income	**2,905**	**3,104**	**3,293**	**3,818**	**3,895**	**4,109**	**13,121**	**8,004**
Income Tax	827	848	945	(0)	927	1,138	2,619	2,065
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	21	(38)	(57)	1,007	213	14	933	227
Taxes	**847**	**810**	**888**	**1,007**	**1,140**	**1,152**	**3,552**	**2,293**
Net Income from Continuos Operations	**2,058**	**2,294**	**2,405**	**2,811**	**2,755**	**2,957**	**9,569**	**5,711**
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	(244)	(247)	(263)	(298)	(292)	(322)	(1,052)	(614)
Net Income	**1,815**	**2,048**	**2,142**	**2,513**	**2,463**	**2,635**	**8,517**	**5,098**

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

GFNorte - Balance Sheet *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
ASSETS						
Cash and Due from Banks	**62,312**	**65,360**	**58,260**	**53,968**	**61,429**	**61,762**
Margin Accounts	**178**	**468**	**575**	**252**	**278**	**389**
Negotiable Instruments	79,300	107,521	111,612	115,026	107,223	141,675
Securities Available for Sale	14,006	22,144	31,347	53,666	60,116	59,924
Securities Held to Maturity	159,898	186,042	182,488	162,148	144,000	134,081
Investment in Securities	**253,204**	**315,707**	**325,447**	**330,841**	**311,339**	**335,680**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans, net	**3,576**	**1,646**	**2,157**	**3,830**	**7,126**	**336**
Securities Lending	**0**	**-**	**0**	**-**	**-**	**-**
For trading purposes	5,756	11,841	19,388	15,854	15,023	20,291
For hedging purposes	624	535	1,573	623	342	362
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	**6,380**	**12,375**	**20,961**	**16,477**	**15,365**	**20,653**
Operations w/Derivatives & Securities	**9,956**	**14,022**	**23,118**	**20,307**	**22,491**	**20,990**
Valuation adjustments for Asset Coverage	**-**	**91**	**119**	**123**	**132**	**175**
Commercial Loans	127,337	156,153	159,383	169,023	173,258	178,350
Financial Intermediaries´ Loans	5,775	9,081	9,123	11,560	7,559	8,384
Consumer Loans	28,835	30,639	32,373	34,246	38,608	40,965
Mortgage Loans	57,348	60,637	62,262	64,567	66,027	67,930
Government Entities´ Loans	51,271	55,421	63,095	71,162	75,196	82,843
Loans granted as Federal Agent	-	-	-	-	-	-
Performing Loans	**270,564**	**311,931**	**326,237**	**350,557**	**360,648**	**378,472**
Commercial PDL´s	4,492	4,969	4,774	4,684	4,362	4,735
Financial Intermediaries PDL´s	-	6	6	1	19	4
Consumer PDL´s	1,312	1,486	1,381	1,286	1,348	1,545
Mortgage PDL´s	694	1,086	1,291	967	858	768
Government Entities PDL´s	-	-	500	11	0	36
Past Due Loans	**6,498**	**7,547**	**7,953**	**6,949**	**6,588**	**7,089**
Gross Loan Portfolio	**277,063**	**319,478**	**334,189**	**357,506**	**367,236**	**385,561**
Preventive Loan Loss Reserves	9,030	10,196	10,549	9,944	10,415	10,406
Net Loan Portfolio	**268,033**	**309,282**	**323,640**	**347,562**	**356,821**	**375,155**
Acquired Collection Rights	2,641	4,105	3,887	3,559	3,110	3,136
Total Credit Portfolio	**270,674**	**313,388**	**327,528**	**351,121**	**359,931**	**378,291**
Account Receivables from Insurance and Annuities	887	829	929	953	934	831
Premium Debtors (Net)	2,186	3,104	2,787	3,442	3,664	4,898
Account Receivables from Reinsurance	2,503	2,486	2,096	2,594	3,092	3,637
Benef.receivab.securization transactions	959	946	894	856	713	660
Sundry Debtors & Other Accs Rec, Net	15,810	23,693	23,632	20,524	25,309	41,221
Inventories	40	201	545	43	18	367
Foreclosed Assets, Net	821	1,281	1,723	2,284	2,115	2,735
Real Estate, Furniture & Equipment, Net	9,389	11,013	11,166	11,785	11,878	12,018
Investment in Subsidiaries	1,384	1,868	2,012	2,280	2,009	1,944
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	1,555	1,757	1,724	-	-	-
Goodwill and Intangibles	4,145	16,077	16,483	20,589	20,448	19,867
Other Assets Short and Long Term	6,162	6,427	6,743	7,315	3,661	4,343
Other Assets	-	-	-	-	-	-
	45,840	69,683	70,733	72,665	73,842	92,521
TOTAL ASSETS	**642,164**	**778,717**	**805,780**	**829,277**	**829,442**	**889,807**

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

GFNorte - Balance Sheet (Million Pesos)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
LIABILITIES						
Demand Deposits	144,253	160,981	169,650	189,613	185,186	190,977
Time Deposits-Retail	145,896	160,937	162,781	162,635	175,495	176,729
Time Deposits-Money Market	5,492	6,562	8,147	11,089	6,237	21,324
Special Funds	-	-	-	-	-	-
Senior Unsecured Debt	3,604	6,889	7,483	6,953	6,380	6,605
Deposits	**299,245**	**335,369**	**348,061**	**370,290**	**373,297**	**395,635**
Immediate Redemption Loans	3,519	1,427	361	3,968	4,315	5,549
Short Term Loans	15,084	19,553	21,874	25,150	32,230	20,788
Long Term Loans	6,517	8,427	6,950	6,330	7,176	7,724
Due to Banks & Correspondents	**25,120**	**29,407**	**29,185**	**35,448**	**43,721**	**34,062**
Technical Reserves	34,847	36,959	39,210	42,406	45,675	47,604
Non-assigned Securities for Settlement	402	1,693	1,708	4	1,281	-
Creditor Balance in Repo Trans, Net	182,245	233,422	239,462	243,756	223,794	242,015
Secs to be received in Repo Trans, Net	0	11	57	-	1	-
Repos (Credit Balance)	34	21	79	31	19	122
Securities' Loans	0	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	**34**	**21**	**79**	**31**	**19**	**122**
For trading purposes	5,564	12,234	19,429	16,009	14,825	20,456
For hedging purposes	2,630	3,067	5,284	5,305	4,174	5,098
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	**8,194**	**15,301**	**24,713**	**21,314**	**18,999**	**25,554**
Total Operations w/ Derivatives & Securities	**190,875**	**250,447**	**266,019**	**265,105**	**244,094**	**267,690**
Valuation adjustments for financial liability coverage	-	(352)	(67)	(91)	(280)	(224)
Obligations in securitization transactions	-	-	-	-	-	-
Payable Accountsfor Reinsurance	502	1,178	995	1,246	1,027	2,054
Income Tax Payable	684	869	1,020	710	1,207	1,734
Profit Sharing Payable	262	463	677	481	307	531
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Creditors for settlement of transactions	5,827	14,252	5,661	2,705	7,794	21,715
Margin Accounts Payable	-	-	-	-	-	-
Other Creditors & Accounts Payable	12,049	15,140	15,866	15,446	15,631	15,049
Other Payable Accounts	**18,821**	**30,725**	**23,223**	**19,342**	**24,939**	**39,029**
Subordinated Non Convertible Debt	17,636	20,438	22,173	16,543	16,218	19,571
Deferred Taxes, Net	-	-	-	39	51	118
Deferred Credits	1,447	1,687	1,766	1,867	1,959	2,975
TOTAL LIABILITIES	**588,494**	**705,859**	**730,565**	**752,195**	**750,701**	**808,515**
EQUITY						
Paid-in Capital	11,968	13,053	13,055	13,050	13,057	13,068
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	1,680	18,423	18,438	18,006	18,149	18,276
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	**13,647**	**31,475**	**31,494**	**31,056**	**31,206**	**31,344**
Capital Reserves	3,165	3,224	3,224	3,224	3,224	3,224
Retained Earnings	31,524	30,968	30,966	30,573	38,680	38,259
Surplus (Deficit) of Secs Available for Sale	325	339	144	188	417	504
Results from Valuation of Hedging Secs	(1,615)	(2,057)	(2,725)	(2,537)	(2,334)	(2,821)
Results from Conversions	(1,213)	(1,163)	(225)	(172)	(603)	(322)
Net Income	1,815	3,862	6,004	8,517	2,463	5,098
Earned Capital	**34,001**	**35,172**	**37,387**	**39,793**	**41,846**	**43,942**
Minority Interest	6,022	6,211	6,334	6,233	5,689	6,005
Total Equity	**53,670**	**72,859**	**75,215**	**77,082**	**78,741**	**81,292**
TOTAL LIABILITIES & EQUITY	**642,164**	**778,717**	**805,780**	**829,277**	**829,442**	**889,807**

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

GFNorte - Memorandum Accounts *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
On behalf of Third Parties						
Customer's Banks	10	66	323	70	63	64
Dividends Receivable from Customers	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-
Settlement of Customer Transactions	(10)	288	401	76	(21)	(130)
Customer Premiums	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-
Customers' Current Account	**(1)**	**354**	**725**	**146**	**42**	**(66)**
Client Securities Received in Custody	180,623	449,234	449,921	497,608	520,812	531,857
Securities and Documents Received in	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-
Clients' Securities	**180,623**	**449,234**	**449,921**	**497,608**	**520,812**	**531,857**
Clients' Repurchase Operations	41,790	60,997	68,675	58,841	42,616	83,911
Clients' Repo Transactions w/ Securities	0	-	2	-	-	-
Purchase of Futures & Forward Contracts,	-	-	-	-	-	-
Sale of Futures and Forward Contracts,	-	-	-	-	-	-
Clients' Option Parchase Operations	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-
Trusts under Administration	5,176	5,402	5,024	4,181	3,548	2,750
Transactions On Behalf of Clients	**46,966**	**66,398**	**73,701**	**63,022**	**46,165**	**86,661**
Investment bank Trans on Behalf of Third	**69,252**	**72,038**	**80,941**	**75,989**	**63,075**	**75,181**
TOTAL ON BEHALF OF THIRD PARTIES	**296,841**	**588,024**	**605,287**	**636,764**	**630,094**	**693,633**
Loan Obligations	3,605	11,243	9,793	9,001	36,223	34,173
Trusts	127,790	200,021	238,148	246,418	255,981	284,156
Mandates	2,151	2,220	2,221	2,143	2,788	2,102
Properties in Trusts and Warrant	129,941	202,241	240,369	248,561	258,769	286,258
Properties in Custody or Administration	264,064	325,040	342,174	377,098	399,178	379,725
Collateral Received	93,783	131,151	147,459	124,475	164,387	109,863
Collateral Received or sold	63,319	79,115	90,258	66,971	126,450	119,914
Drafts in Transit	-	-	-	-	-	-
Certificates of Deposits in Circulation	2,310	1,643	1,231	3,107	3,062	3,343
Letters of Credit to the Corporation as	-	-	-	-	-	-
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	255	1,233	255
Uncollected Accrued Interest from Past Due	139	261	239	327	242	264
Investments of Retirement Savings Funds	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-
Proprietary Transactions	**557,416**	**750,950**	**831,777**	**829,794**	**989,543**	**933,795**
Repo Securities to be Received	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-
Repurchase Transactions	**-**	**-**	**-**	**-**	**-**	**-**
Repurchase Debtors	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-
Repurchase Transactions	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL PROPRIETARY	**557,416**	**750,950**	**831,777**	**829,794**	**989,543**	**933,795**

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

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW JANUARY 1, 2012 – JUNE 30, 2012 (Million Pesos)	
Net Income	5,098
Items charged to results that do not generate or require	
Depreciation	573
Technical Reserves	4,018
Provisions	954
Income taxes and deferred	2,293
Minority Interest	325
	8,163
	13,261
Change in items related to operations:	
Change in Margin Accounts	(136)
Change in Invesment in Securities	(5,098)
Change in repo debtors	3,494
Change in derivatives (assets)	(4,490)
Changein Loan Portfolio (net)	(28,154)
Change in purchased receivables (net)	278
Change in accounts receivable insurance and bonding	123
Change in debtor premiums	(1,456)
Change in Reinsurance	(1,043)
Change in benefits to receive from securitizations	196
Change in foreclosed assets (net)	(674)
Change in other operating assets (net)	(16,867)
Change in core deposits	26,227
Change in interbank loans and other entities	(1,371)
Change in repo creditors	(1,745)
Change in collateral pledged sold	90
Change in derivatives (liability)	4,314
Change in Technical Reserves (net)	1,181
Change in Reinsurance (net) (liability)	808
Change in subordinated debt with characteristics of liabilities	3,040
Change in other operating liabilities	18,773
Change in hedging instruments (the related hedged transaction	54
Income Tax Collection (refunds)	0
Income Tax Payments	(1,077)
Net cash generated or used from operations	9,728
Investment Activities:	
Charges for disposal of property, furniture and equipment	714
Payments for acquisition of property, furniture and equipment	(1,546)
Subsidiaries and associated acquisitions charges	0
Subsidiaries and associated acquisitions payment	(167)
Charges for other investmentes	0
Payments for other investmentes	0
Charges for cash dividends	248
Net cash generated or used from investment activities	(751)
Financing Activities:	
Payments of cash dividends	(814)
Payments associated with the repurchase of proprietary	71
Net cash flows from financing activities	(743)
Change in investments by loss in control of the AFORE	(409)
Net Cash Increase (decrease)	7,825
Cash flow adjustments given exchange rate or inflation variations	(31)
Cash and cash equivalents at beginning of period	53,968
Cash and cash equivalents at end of period	61,762

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

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2012 – JUNE 30, 2012

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from sale of securitie	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available	Results from val of instrum Cash flow	Results from Conversion s	Net Income	Minority Interest	Total Stockholder s' Equity
Balance as of December 31, 2011	**13,050**	**18,006**	**3,224**	**30,573**	**188**	**(2,537)**	**(172)**	**8,517**	**6,233**	**77,082**
Changes stemming from stockholders' decisions										
Stock repurchases	18	270	0	8	(225)					71
Capitalization of profits				8,517				(8,517)		
Dividends declared by the General Assembly of Shareholders on:										
- February 17, 2012				(395)						(395)
- April 27, 2012				(419)						0
Total	**18**	**270**	**0**	**7,711**	**(225)**	**0**	**0**	**(8,517)**	**0**	**(743)**
Changes stemming from profits										
Net Income								5,098		5,098
Result from valuation of securities available for sale					541					541
Effect of subsidiaries				(25)			(150)			(175)
Result from valuation of instruments of cash flow hedges						(284)				(284)
Total		**0**		**(23)**	**369**	**(284)**	**(150)**	**5,098**	**0**	**5,180**
Recognition of minority interest									**(227)**	**(227)**
Balance as of June 30, 2012	**13,068**	**18,276**	**3,224**	**38,259**	**504**	**(2,821)**	**(322)**	**5,098**	**6,006**	**81,292**

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

BANKING SECTOR

Income Statement-Banking Sector (Million Pesos)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	2011	1H12
Interest Income	10,357	11,587	12,148	12,611	13,001	12,965	46,703	25,966
Interest Expense	4,807	5,583	5,921	5,961	6,042	5,870	22,271	11,913
Charged Fees	159	204	247	277	273	242	886	515
Fees Paid	35	39	46	93	49	60	213	110
Net Interest Income from interest & fees (NII)	**5,674**	**6,169**	**6,428**	**6,835**	**7,182**	**7,276**	**25,105**	**14,458**
Premium Income (Net)	-	-	-	-	-	-	-	-
Net Increase in Technical Reserves	-	-	-	-	-	-	-	-
Damages, Claims and Other Obligations	-	-	-	-	-	-	-	-
Net Interest Income (NII)	**5,674**	**6,169**	**6,428**	**6,835**	**7,182**	**7,276**	**25,105**	**14,458**
Preventive Provisions for Loan Losses	1,337	1,291	1,664	1,020	1,186	3,043	5,311	4,229
Net Interest Income Adjusted for Credit Risk	**4,337**	**4,878**	**4,764**	**5,815**	**5,997**	**4,233**	**19,794**	**10,230**
Fees for Commercial and Mortgage Loans	3	4	2	3	4	178	12	182
Fund Transfers	92	104	108	117	111	124	421	235
Account Management Fees	255	279	314	311	300	306	1,160	606
Fiduciary	70	76	74	109	84	87	329	171
Other Fees	261	508	415	528	609	347	1,711	956
Income from Real Estate Portfolios	220	284	260	353	359	337	1,117	696
Electronic Banking Services	202	211	224	234	242	258	872	500
For Consumer and Credit Card Loans	701	709	748	831	825	1,066	2,990	1,892
Fees Charged on Services	**1,804**	**2,176**	**2,146**	**2,486**	**2,534**	**2,704**	**8,612**	**5,238**
Fund transfers	10	9	9	10	11	11	37	22
Other Fees	369	444	492	555	510	613	1,860	1,123
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-
Fees Paid on Services	**379**	**453**	**501**	**565**	**521**	**624**	**1,897**	**1,145**
Foreign Exchange	173	285	371	368	228	654	1,197	882
Securities-Realized Gains	133	42	60	852	19	301	1,088	321
Securities-Unrealized Gains	(106)	25	145	(786)	374	(78)	(722)	296
Trading Income	**200**	**352**	**577**	**435**	**621**	**877**	**1,564**	**1,498**
Loan Recoveries	257	330	243	371	279	325	1,202	603
Income from purchased assets	27	36	30	44	(10)	13	138	3
Other Operating Income	119	(119)	79	186	191	1,705	265	1,897
Other Operating Expense	(167)	120	(22)	(17)	(16)	(38)	(87)	(54)
Other Products	184	240	128	454	115	142	1,006	257
Other Recoveries	130	80	107	130	173	(9)	446	164
Other Operating Expense	(157)	(108)	(15)	(123)	(165)	(172)	(404)	(337)
Other Operating Income (Expense) from Insurance and Annuities	-	-	-	-	-	-	-	-
Total Non Interest Income	**2,017**	**2,653**	**2,770**	**3,402**	**3,201**	**4,923**	**10,843**	**8,124**
Total Operating Income	**6,354**	**7,531**	**7,534**	**9,217**	**9,198**	**9,156**	**30,637**	**18,354**
Personnel	1,556	2,229	1,965	3,052	2,606	2,380	8,803	4,986
Employee Profit Sharing (PTU)	233	234	208	187	302	303	861	605
Professional Fees	439	376	414	464	493	607	1,693	1,100
Administrative and Promotional Expenses	838	1,061	1,059	1,227	1,030	1,307	4,184	2,338
Rents, Depreciation & Amortization	501	610	678	1,014	668	704	2,803	1,372
Taxes other than income tax & non deductible expenses	242	239	241	286	440	319	1,008	759
Contributions to IPAB/Fobaproa	302	332	342	364	379	395	1,341	773
Total Non Interest Expense	**4,111**	**5,081**	**4,908**	**6,595**	**5,917**	**6,015**	**20,694**	**11,933**
Operating Income	**2,243**	**2,450**	**2,626**	**2,623**	**3,280**	**3,141**	**9,943**	**6,421**
Subsidiaries' Net Income	47	70	7	35	54	189	158	243
Pre-Tax Income	**2,291**	**2,520**	**2,633**	**2,657**	**3,335**	**3,329**	**10,101**	**6,664**
Income Tax	642	653	787	(180)	833	864	1,902	1,697
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	31	38	(27)	897	158	88	938	246
Taxes	**672**	**691**	**760**	**717**	**991**	**952**	**2,841**	**1,943**
Net Income from Continuos Operations	**1,618**	**1,829**	**1,872**	**1,940**	**2,343**	**2,377**	**7,260**	**4,721**
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	34	(0)	34
Net Income	**1,618**	**1,829**	**1,872**	**1,940**	**2,343**	**2,412**	**7,260**	**4,755**

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

Banking Sector - Balance Sheet *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
ASSETS						
Cash and Due from Banks	**61,484**	**64,341**	**57,178**	**53,710**	**61,461**	**61,800**
Margin Accounts	**178**	**468**	**572**	**252**	**278**	**389**
Negotiable Instruments	63,510	86,079	79,196	104,770	72,361	65,797
Securities Available for Sale	14,488	22,670	31,683	53,987	60,395	60,214
Securities Held to Maturity	126,928	135,231	128,722	109,039	90,717	79,619
Investment in Securities	**204,925**	**243,980**	**239,602**	**267,797**	**223,473**	**205,631**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**3,173**	**1,531**	**2,038**	**3,829**	**6,926**	**336**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**
For trading purposes	5,756	11,841	19,388	15,854	15,023	20,291
For hedging purposes	624	535	1,573	623	342	362
Operations w/Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	**6,380**	**12,375**	**20,961**	**16,477**	**15,365**	**20,653**
Operations w/Derivatives & Securities	**9,553**	**13,906**	**22,999**	**20,306**	**22,291**	**20,990**
Valuation adjustments for Asset Coverage	**-**	**91**	**119**	**123**	**132**	**175**
Commercial Loans	112,205	137,215	143,395	152,664	155,708	160,652
Financial Intermediaries´ Loans	7,590	12,686	13,311	16,144	14,986	13,360
Consumer Loans	28,832	30,427	32,173	34,041	35,267	40,824
Mortgage Loans	57,348	60,196	61,844	64,140	65,622	67,550
Government Entities´ Loans	51,270	55,412	60,023	68,325	72,473	80,357
Loans granted as Federal Agent	-	-	-	-	-	-
Performing Loans	**257,246**	**295,937**	**310,746**	**335,314**	**344,055**	**362,744**
Commercial PDL´s	4,372	4,541	4,478	4,369	4,048	4,032
Financial Intermediaries PDL´s	-	6	6	1	1	0
Consumer PDL´s	1,312	1,422	1,327	1,236	1,225	1,512
Mortgage PDL´s	694	860	1,057	965	849	754
Government Entities PDL´s	-	-	500	13	-	-
Past Due Loans	**6,379**	**6,829**	**7,368**	**6,583**	**6,124**	**6,298**
Gross Loan Portfolio	**263,625**	**302,766**	**318,115**	**341,897**	**350,180**	**369,042**
Preventive Loan Loss Reserves	8,743	9,419	9,922	9,446	9,304	9,764
Net Loan Portfolio	**254,881**	**293,347**	**308,193**	**332,452**	**340,876**	**359,278**
Acquired Collection Rights	2,641	2,477	2,330	2,258	2,023	2,093
Total Credit Portfolio	**257,522**	**295,824**	**310,523**	**334,709**	**342,899**	**361,370**
Benef.receivab.securization transactions	959	933	881	844	700	647
Sundry Debtors & Other Accs Rec, Net	15,683	23,179	23,061	20,195	23,905	39,078
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	812	873	1,271	1,757	1,814	2,368
Real Estate, Furniture & Equipment, Net	7,703	8,280	8,372	8,600	8,791	8,910
Investment in Subsidiaries	1,457	1,910	2,025	1,898	2,823	1,789
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	1,722	1,685	1,614	328	210	228
Goodwill and Intangibles	3,956	4,446	4,842	8,814	7,433	8,239
Other Assets Short and Long Term	5,723	5,984	6,231	6,748	3,520	3,695
Other Assets	-	-	-	-	-	-
	38,016	47,290	48,297	49,185	49,197	64,956
TOTAL ASSETS	**571,678**	**665,900**	**679,290**	**726,082**	**699,731**	**715,310**

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

Banking Sector - Balance Sheet (Million Pesos)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
LIABILITIES						
Demand Deposits	144,542	161,201	170,651	189,944	185,511	191,257
Time Deposits-Retail	145,896	161,977	162,950	163,484	175,832	177,020
Time Deposits-Money Market	5,618	6,604	8,398	11,600	7,352	22,067
Special Funds	-	-	-	-	-	-
Senior Unsecured Debt	3,604	3,586	4,176	4,267	3,877	4,102
Deposits	**299,660**	**333,368**	**346,175**	**369,295**	**372,572**	**394,446**
Immediate Redemption Loans	3,519	1,427	361	3,968	4,315	5,549
Short Term Loans	5,489	11,156	11,315	16,521	22,717	11,773
Long Term Loans	3,749	3,790	3,981	2,866	3,539	3,373
Due to Banks & Correspondents	**12,758**	**16,373**	**15,657**	**23,355**	**30,571**	**20,695**
Technical Reserves	-	-	-	-	-	-
Non-assigned Securities for Settlement	402	1,693	1,708	4	1,281	-
Creditor Balance in Repo Trans, Net	170,063	199,980	195,385	223,513	181,230	158,160
Secs to be received in Repo Trans, Net	-	-	-	-	-	-
Repos (Credit Balance)	34	21	79	31	19	15
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	**34**	**21**	**79**	**31**	**19**	**15**
For trading purposes	5,564	12,234	19,425	16,009	14,825	20,456
For hedging purposes	2,630	3,067	5,284	5,305	4,174	5,098
Operations w/ Derivatives & Securities	-	-	-	-	-	-
Transactions with Derivatives	**8,194**	**15,301**	**24,709**	**21,314**	**18,999**	**25,554**
Total Operations w/ Derivatives & Securities	**178,693**	**216,996**	**221,881**	**244,862**	**201,529**	**183,729**
Valuation adjustments for financial liability coverage	-	(352)	(67)	(91)	(280)	(224)
Obligations in securitization transactions	-	-	-	-	-	-
Income Tax Payable	512	516	540	84	902	1,349
Profit Sharing Payable	259	452	666	464	291	509
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Creditors for settlement of transactions	5,826	14,186	5,628	2,699	6,798	21,018
Margin Accounts Payable	-	-	-	-	-	-
Other Creditors & Accounts Payable	9,396	11,507	12,387	12,271	12,147	11,805
Other Payable Accounts	**15,992**	**26,663**	**19,221**	**15,519**	**20,137**	**34,682**
Subordinated Non Convertible Debt	17,636	20,438	22,173	16,543	16,218	19,571
Deferred Taxes, Net	-	-	-	-	-	-
Deferred Credits	1,387	1,510	1,593	1,691	1,718	2,793
TOTAL LIABILITIES	**526,128**	**614,995**	**626,633**	**671,173**	**642,466**	**655,693**
EQUITY						
Paid-in Capital	11,488	14,727	14,727	14,727	14,727	14,727
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	2,492	3,294	3,294	3,294	3,294	3,294
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	**13,980**	**18,021**	**18,022**	**18,021**	**18,021**	**18,021**
Capital Reserves	5,172	5,990	5,990	5,990	5,990	6,703
Retained Earnings	27,361	26,435	26,436	26,437	33,599	32,883
Surplus (Deficit) of Secs Available for Sale	365	388	4	58	425	599
Results from Valuation of Hedging Secs	(1,669)	(2,154)	(2,878)	(2,675)	(2,454)	(2,980)
Results from Conversions	(1,288)	(1,232)	(246)	(192)	(670)	(376)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-
Net Income	1,618	3,448	5,320	7,260	2,343	4,755
Earned Capital	**31,560**	**32,874**	**34,626**	**36,878**	**39,234**	**41,586**
Minority Interest	10	10	10	10	10	10
Total Equity	**45,550**	**50,905**	**52,657**	**54,909**	**57,265**	**59,617**
TOTAL LIABILITIES & EQUITY	**571,678**	**665,900**	**679,290**	**726,082**	**699,731**	**715,310**

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

Banking Sector - Memorandum Accounts *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Investment banking transactions for third parties, net	69,252	72,038	80,941	75,989	63,075	75,181
Proprietary Transactions	491,170	634,781	716,846	657,806	744,633	723,322
Endorsement Guarantees Granted	-	-	-	-	-	-
Contingent Assets & liabilites	255	255	255	255	255	255
Loan Obligations	3,605	11,243	9,793	9,001	29,865	34,173
Trusts	127,790	199,649	237,780	246,053	255,618	283,800
Mandates	2,151	2,220	2,221	2,143	2,788	2,102
Properties in Trusts and Warrant	129,941	201,868	240,001	248,197	258,405	285,903
Properties in Custody or Administration	259,670	282,070	296,977	292,080	314,697	280,207
Uncollected Accrued Interest from Past Due Loans	139	162	159	182	151	168
Collateral Received	63,811	98,066	115,709	85,788	104,582	92,225
Collateral Received or sold	33,748	41,116	53,950	22,303	36,677	30,391
Integration of the Credit Portfolio	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-
Repo Securities to be Received	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-
Repurchase Debtors	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-
	560,422	**706,819**	**797,786**	**733,795**	**807,708**	**798,503**

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

BANORTE USA

Income Statement-Banorte USA *MEX GAAP (Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	2011	1H12
Interest Income	252	248	234	229	221	224	964	446
Interest Expense	99	90	76	70	58	55	334	113
Charged Fees	8	4	4	5	4	4	21	9
Fees Paid	-	-	-	-	-	-	-	-
Net Interest Income from interest & fees (NII)	**161**	**163**	**162**	**164**	**168**	**174**	**650**	**341**
Preventive Provisions for Loan Losses	(0)	43	14	56	23	52	113	75
Net Interest Income Adjusted for Credit Risk	**161**	**120**	**148**	**108**	**145**	**122**	**537**	**267**
Fees for Commercial and Mortgage Loans	3	3	2	2	4	3	11	7
Fund Transfers	36	43	44	50	46	50	173	97
Account Management Fees	16	16	24	25	20	20	80	40
Fiduciary	-	-	-	-	-	-	-	-
Other Fees	4	2	3	4	4	4	13	7
Income from Real Estate Portfolios	-	-	-	-	-	-	-	-
Electronic Banking Services	9	9	9	6	5	6	33	11
For Consumer and Credit Card Loans	-	-	-	-	-	-	-	-
Fees Charged on Services	**69**	**73**	**83**	**86**	**79**	**83**	**311**	**162**
Fund transfers	1	1	1	1	1	1	5	3
Other Fees	25	28	27	29	26	28	108	54
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-
Fees Paid on Services	**26**	**29**	**28**	**30**	**28**	**29**	**114**	**57**
Foreign Exchange	10	12	14	13	14	15	50	29
Securities-Realized Gains	-	3	61	22	7	50	86	57
Securities-Unrealized Gains	-	-	-	-	-	-	-	-
Trading Income	**10**	**15**	**75**	**35**	**21**	**66**	**136**	**87**
Loan Recoveries	2	3	2	7	4	2	14	6
Income from purchased assets	(11)	(9)	(8)	(10)	1	(19)	(38)	(17)
Other Operating Income	118	(118)	-	-	-	-	0	-
Other Operating Expense	(146)	146	-	-	-	-	(0)	-
Other Products	11	14	15	14	13	18	54	32
Other Recoveries	-	-	-	-	-	-	-	-
Other Operating Expense	(0)	(1)	(1)	(1)	(1)	(0)	(3)	(1)
Total Non Interest Income	**27**	**95**	**138**	**101**	**89**	**121**	**361**	**211**
Total Operating Income	**188**	**215**	**286**	**209**	**234**	**243**	**898**	**478**
Personnel	66	67	66	75	77	88	274	164
Employee Profit Sharing (PTU)	-	-	-	-	-	-	-	-
Professional Fees	26	22	23	25	22	24	95	46
Administrative and Promotional Expenses	41	44	47	57	52	53	189	105
Rents, Depreciation & Amortization	19	19	21	23	20	21	82	41
Taxes other than income tax & non deductible expenses	5	4	5	3	4	5	17	9
Contributions to IPAB/Fobaproa	15	9	10	10	9	8	43	17
Total Non Interest Expense	**171**	**164**	**172**	**193**	**183**	**199**	**700**	**382**
Operating Income	**17**	**51**	**115**	**16**	**51**	**45**	**198**	**95**
Subsidiaries' Net Income	-	-	-	-	-	-	-	-
Pre-Tax Income	**17**	**51**	**115**	**16**	**51**	**45**	**198**	**95**
Income Tax	5	16	39	3	17	15	64	32
Tax on Assets	-	-	-	-	-	-	-	-
Deferred Income Tax	-	-	-	-	-	-	-	-
Taxes	**(5)**	**(16)**	**(39)**	**(3)**	**(17)**	**(15)**	**(64)**	**(32)**
Net Income from Continuos Operations	**12**	**34**	**76**	**12**	**34**	**30**	**134**	**64**
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-
Net Income	**12**	**34**	**76**	**12**	**34**	**30**	**134**	**64**

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

Banorte USA-Balance Sheet *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
ASSETS						
Cash and Due from Banks	**4,196**	**3,641**	**3,145**	**1,264**	**2,613**	**2,956**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**-**
Negotiable Instruments	-	-	-	-	-	-
Securities Available for Sale	8,480	8,801	10,266	10,756	10,949	10,802
Securities Held to Maturity	11	11	12	13	11	12
Investment in Securities	**8,491**	**8,812**	**10,279**	**10,769**	**10,960**	**10,814**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**-**	**-**	**-**	**-**	**-**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Operations w/Derivatives & Securities	**-**	**-**	**-**	**-**	**-**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**-**
Commercial Loans	8,095	7,633	8,240	8,198	7,265	7,607
Financial Intermediaries´Loans	-	-	-	-	-	-
Consumer Loans	175	161	185	217	205	199
Mortgage Loans	2,060	2,010	2,204	2,210	1,965	1,866
Government Entities´Loans	-	-	-	-	-	-
Loans granted as Federal Agent	-	-	-	-	-	-
Performing Loans	**10,331**	**9,805**	**10,628**	**10,624**	**9,435**	**9,672**
Commercial PDL´s	302	283	258	269	175	64
Financial Intermediaries PDL´s	-	-	-	-	-	-
Consumer PDL´s	0	0	4	0	-	0
Mortgage PDL´s	66	102	202	144	128	30
Government Entities PDL´s	-	-	-	-	-	-
Past Due Loans	**368**	**386**	**464**	**413**	**303**	**94**
Gross Loan Portfolio	**10,699**	**10,190**	**11,092**	**11,037**	**9,738**	**9,766**
Preventive Loan Loss Reserves	187	182	162	164	143	67
Net Loan Portfolio	**10,512**	**10,009**	**10,930**	**10,873**	**9,595**	**9,699**
Acquired Collection Rights	-	-	-	-	-	-
Acquired Collection Rights, Net	-	-	-	-	-	-
Total Credit Portfolio	**10,512**	**10,009**	**10,930**	**10,873**	**9,595**	**9,699**
Benef.receivab.securization transactions	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	600	592	702	1,613	661	699
Inventories	-	-	-	-	-	-
Foreclosed Assets, Net	305	321	562	544	455	461
Real Estate, Furniture & Equipment, Net	566	552	642	647	594	617
Investment in Subsidiaries	8	8	9	9	148	155
Long-term assets held for sale	-	-	-	-	-	-
Deferred Taxes, Net	50	63	-	-	48	37
Goodwill and Intangibles	3,033	3,147	3,530	3,588	3,172	3,328
Other Assets Short and Long Term	202	183	310	332	196	186
Other Assets	-	-	-	-	-	-
	4,764	4,867	5,755	6,734	5,275	5,483
TOTAL ASSETS	**27,962**	**27,328**	**30,109**	**29,639**	**28,443**	**28,952**

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

Banorte USA-Balance Sheet (Million Pesos)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
LIABILITIES						
Demand Deposits	9,441	9,336	10,209	9,841	10,788	10,684
Time Deposits-Retail	13,223	12,464	13,247	13,034	11,401	11,590
Time Deposits-Money Market	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-
Senior Unsecured Debt	-	-	-	-	-	-
Deposits	**22,664**	**21,800**	**23,456**	**22,875**	**22,189**	**22,273**
Immediate Redemption Loans	-	-	-	-	-	-
Short Term Loans	60	75	91	92	89	101
Long Term Loans	-	-	-	-	-	-
Due to Banks & Correspondents	**60**	**75**	**91**	**92**	**89**	**101**
Non-assigned Securities for Settlement	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	5	6	12	6	4	6
Secs to be received in Repo Trans, Net	-	-	-	-	-	-
Repos (Credit Balance)	-	-	-	-	-	-
Securities' Loans	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-
Total Collateral sold	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives	**-**	**-**	**-**	**-**	**-**	**-**
Total Operations w/ Derivatives & Securities	**5**	**6**	**12**	**6**	**4**	**6**
Valuation adjustments for financial liability coverage	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-
Income Tax Payable	-	-	-	-	-	28
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	101	228	186	233	239	286
Other Payable Accounts	**101**	**228**	**186**	**233**	**239**	**314**
Subordinated Non Convertible Debt	246	242	285	288	264	276
Deferred Taxes, Net	-	-	41	42	-	-
Deferred Credits	13	16	16	13	12	11
TOTAL LIABILITIES	**23,089**	**22,365**	**24,086**	**23,549**	**22,797**	**22,981**
EQUITY						
Paid-in Capital	4,668	4,668	4,668	4,668	4,668	4,668
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-
Share Subscription Premiums	-	-	-	-	-	-
Subordinated Convertible Debentures	-	-	-	-	-	-
Subscribed Capital	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**	**4,668**
Capital Reserves	-	-	-	-	-	-
Retained Earnings	344	344	344	344	478	478
Surplus (Deficit) of Secs Available for Sale	2	128	218	213	224	255
Results from Valuation of Hedging Secs	-	-	-	-	-	-
Results from Conversions	(153)	(223)	671	731	242	506
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-
Net Income	12	46	122	134	34	64
Earned Capital	**205**	**295**	**1,355**	**1,422**	**978**	**1,302**
Minority Interest	-	-	-	-	-	-
Total Equity	**4,873**	**4,963**	**6,023**	**6,090**	**5,646**	**5,970**
TOTAL LIABILITIES & EQUITY	**27,962**	**27,328**	**30,109**	**29,639**	**28,443**	**28,952**

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

Banorte USA - Memorandum Accounts *(Million Pesos)*	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12
Investment banking transactions for third parties,	-	-	-	-	-	-
Proprietary Transactions	13	12	10	8	12	14
Endorsement Guarantees Granted	-	-	-	-	-	-
Contingent Assets & liabilites	-	-	-	-	-	-
Loan Obligations	13	12	10	8	12	14
Trusts	-	-	-	-	-	-
Mandates	-	-	-	-	-	-
Properties in Trusts and Warrant	-	-	-	-	-	-
Properties in Custody or Administration	-	-	-	-	-	-
Uncollected Accrued Interest from Past Due Loans	-	-	-	-	-	-
Collateral Received	-	-	-	-	-	-
Collateral Received or sold	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-
Repo Securities to be Received	-	-	-	-	-	-
(Minus) Repurchase Creditors	-	-	-	-	-	-
Repurchase Debtors	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-
	13	**12**	**10**	**8**	**12**	**14**

BANORTE

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

INFORMATION BY SEGMENTS

GFNorte - Income Statement as of June '12
(Million Pesos)

	Holding	Banorte	Casa de Bolsa Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Ixe Tarjetas	IXE Banco	IXE Casa de Bolsa
Interest Income	18	23,763	-	934	3	235	817	-	2,905	3,194
Premium Income (Net)	-	-	-	-	-	4,405	3,805	-	-	-
Interest Expense	-	10,517	-	580	1	2	-	-	1,691	3,082
Net Increase in Technical Reserves	-	-	-	-	-	294	3,724	-	-	-
Damages, Claims and Other Obligations	-	-	-	-	-	2,864	1,037	-	-	-
Net Interest Income (NII)	**18**	**13,245**	**-**	**354**	**3**	**1,479**	**(139)**	**-**	**1,213**	**112**
Preventive Provisions for Loan Losses	-	3,958	-	42	-	-	-	-	270	-
Net Interest Income Adjusted for Credit Risk	18	9,287	-	312	3	1,479	(139)	-	943	112
Loan Origination Fees	-	4,754	-	7	42	-	-	-	484	550
Fees Paid	-	1,043	-	15	0	697	-	-	102	21
Trading Income	-	1,066	-	-	0	70	321	-	432	186
Other Operating Income (Expenses)	(0)	2,415	-	41	(5)	285	5	-	119	12
Non Interest Income	**(0)**	**7,192**	**-**	**33**	**37**	**(341)**	**327**	**-**	**933**	**727**
Total Operating Income	**18**	**16,479**	**-**	**345**	**40**	**1,138**	**188**	**-**	**1,875**	**839**
Administrative and Promotional Expenses	49	10,617	-	67	16	372	105	-	1,316	512
Operating Income	**(31)**	**5,862**	**-**	**278**	**24**	**766**	**83**	**-**	**559**	**326**
Subsidiaries' Net Income	4,949	277	-	-	-	5	2	-	(34)	0
Pre-Tax Income	4,917	6,139	-	278	24	771	85	-	525	327
Income Tax	-	1,511	-	-	9	211	1	-	186	129
Deferred Income Tax	(0)	268	-	-	(1)	27	20	-	(22)	(33)
Net Income from Continuos Operations	**4,917**	**4,360**	**-**	**278**	**16**	**533**	**64**	**-**	**361**	**231**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	34	-	-	(0)	(0)	(3)	-	-	-
Net Income	**4,917**	**4,394**	**-**	**278**	**16**	**533**	**61**	**-**	**361**	**231**

GFNorte - Income Statement as of June '12
(Million Pesos)

	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Credits	Final Balance
Interest Income	0	0	225	9	199	32,303	1,757	17	30,563
Premium Income (Net)	-	-	-	-	-	8,210	137	-	8,073
Interest Expense	-	0	174	31	104	16,183	13	1,648	14,548
Net Increase in Technical Reserves	-	-	-	-	-	4,018	-	-	4,018
Damages, Claims and Other Obligations	-	-	-	-	-	3,901	-	-	3,901
Net Interest Income (NII)	**0**	**0**	**51**	**(22)**	**95**	**16,410**	**-**	**-**	**16,168**
Preventive Provisions for Loan Losses	-	-	14	42	209	4,536	-	77	4,459
Net Interest Income Adjusted for Credit Risk	0	0	37	(64)	(114)	11,875	-	(77)	11,709
Loan Origination Fees	438	3	19	0	19	6,315	693	-	5,622
Fees Paid	369	-	5	0	1	2,253	-	674	1,580
Trading Income	1	-	-	(53)	-	2,024	215	269	2,078
Other Operating Income (Expenses)	(0)	0	(7)	(20)	(74)	2,771	9	140	2,902
Non Interest Income	**70**	**3**	**7**	**(72)**	**(57)**	**8,857**	**918**	**(265)**	**9,022**
Total Operating Income	**70**	**3**	**44**	**(136)**	**(171)**	**20,732**	**918**	**(342)**	**20,731**
Administrative and Promotional Expenses	13	4	31	5	58	13,167	315	467	13,015
Operating Income	**57**	**(2)**	**13**	**(141)**	**(229)**	**7,565**	**-**	**-**	**7,716**
Subsidiaries' Net Income	4	-	-	0	-	5,202	4,914	-	288
Pre-Tax Income	61	(2)	13	(141)	(229)	12,768	-	-	8,004
Income Tax	14	-	4	-	-	2,065	-	-	2,065
Deferred Income Tax	2	-	4	-	(7)	257	26	55	227
Net Income from Continuos Operations	**45**	**(2)**	**5**	**(141)**	**(222)**	**10,445**	**-**	**-**	**5,711**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	0	-	-	32	645	-	(614)
Net Income	**45**	**(2)**	**6**	**(141)**	**(222)**	**10,477**	**8,687**	**3,198**	**5,098**

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

GFNorte - Balance Sheet as of June '12

(Million Pesos)

ASSETS	Holding	Banorte	Casa de Bolsa Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Ixe Tarjetas	IXE Banco	IXE Casa de Bolsa
Cash and Due from Banks	**743**	**59,423**	**-**	**25**	**2**	**67**	**1**	**-**	**2,924**	**363**
Margin Accounts	**-**	**97**	**-**	**-**	**-**	**-**	**-**	**-**	**292**	**-**
Investment in Securities	**16**	**166,949**	**-**	**-**	**59**	**8,834**	**37,463**	**-**	**38,950**	**84,692**
Negotiable Instruments	-	36,373	-	-	6	3,595	330	-	29,693	72,178
Securities Available for Sale	16	59,973	-	-	54	-	29	-	242	373
Securities Held to Maturity	-	70,604	-	-	-	5,238	37,103	-	9,015	12,141
Debtor Balance in Repo Trans, net	**-**	**336**	**-**	**-**	**-**	**0**	**(0)**	**-**	**0**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives For trading purposes	**-**	**14,319**	**-**	**-**	**-**	**-**	**-**	**-**	**6,965**	**-**
Transactions with Derivatives For hedging purposes	**-**	**60**	**-**	**-**	**-**	**-**	**-**	**-**	**306**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175**	**-**
Gross Loan Portfolio	**-**	**332,410**	**-**	**16,626**	**-**	**-**	**-**	**-**	**28,960**	**-**
Net Loan Portfolio	**-**	**330,317**	**-**	**16,626**	**-**	**-**	**-**	**-**	**28,960**	**-**
Performing Loans	**-**	**333,355**	**-**	**16,763**	**-**	**-**	**-**	**-**	**29,388**	**-**
Commercial Loans	-	141,650	-	14,184	-	-	-	-	19,002	-
Financial Intermediaries´ Loans	-	10,797	-	80	-	-	-	-	2,563	-
Government Entities´ Loans	-	79,208	-	2,496	-	-	-	-	1,149	-
Consumer Loans	-	35,075	-	3	-	-	-	-	5,750	-
Mortgage Loans	-	66,625	-	-	-	-	-	-	925	-
Past Due Loans	**-**	**5,966**	**-**	**120**	**-**	**-**	**-**	**-**	**332**	**-**
Commercial PDL´s	-	3,801	-	84	-	-	-	-	230	-
Financial Intermediaries PDL´s	-	-	-	-	-	-	-	-	0	-
Government Entities PDL´s	-	-	-	36	-	-	-	-	-	-
Consumer PDL´s	-	1,447	-	0	-	-	-	-	66	-
Mortgage PDL´s	-	718	-	-	-	-	-	-	36	-
Preventive Loan Loss Reserves	**-**	**9,004**	**-**	**257**	**-**	**-**	**-**	**-**	**760**	**-**
Acquired Collection Rights	**-**	**2,093**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Account Receivables from Insurance and Annuities	**-**	**-**	**-**	**-**	**-**	**389**	**441**	**-**	**-**	**-**
Premium Debtors (Net)	**-**	**-**	**-**	**-**	**-**	**4,744**	**154**	**-**	**-**	**-**
Account Receivables from Reinsurance	**-**	**-**	**-**	**-**	**-**	**3,637**	**-**	**-**	**-**	**-**
Benef.receivab.securization transactions	**-**	**647**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sundry Debtors & Other Accs Rec, Net	**9**	**30,426**	**-**	**236**	**65**	**-**	**-**	**-**	**8,685**	**1,875**
Inventories	**-**	**-**	**-**	**-**	**367**	**-**	**-**	**-**	**-**	**-**
Foreclosed Assets, Net	**-**	**2,128**	**-**	**-**	**-**	**8**	**-**	**-**	**241**	**-**
Real Estate, Furniture & Equipment, Net	**-**	**8,459**	**-**	**1,824**	**48**	**189**	**2**	**-**	**452**	**47**
Investment in Subsidiaries	**63,339**	**1,786**	**-**	**-**	**-**	**88**	**19**	**-**	**3**	**12**
Deferred Taxes, Net	**6**	**-**	**-**	**-**	**-**	**100**	**0**	**-**	**287**	**-**
Total other Assets	**11,069**	**11,707**	**-**	**8**	**26**	**298**	**7**	**-**	**227**	**406**
Goodwill	9,707	6,658	-	-	-	2	2	-	-	-
Intangible	1,362	1,379	-	8	19	-	-	-	202	62
Other Assets	-	3,670	-	-	7	297	5	-	25	343
TOTAL ASSETS	**75,181**	**628,747**	**-**	**18,720**	**568**	**18,354**	**38,088**	**-**	**88,466**	**87,393**

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

GFNorte - Balance Sheet as of June '12

(Million Pesos)

ASSETS	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Credits	Final Balance
Cash and Due from Banks	**0**	**12**	**4**	**0**	**48**	**63,612**	**13**	**1,863**	**61,762**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**389**	**-**	**-**	**389**
Investment in Securities	**42**	**-**	**-**	**217**	**-**	**337,220**	**91**	**1,632**	**335,680**
Negotiable Instruments	42	-	-	59	-	142,275	2	602	141,675
Securities Available for Sale	-	-	-	30	-	60,716	-	792	59,924
Securities Held to Maturity	-	-	-	128	-	134,229	90	237	134,081
Debtor Balance in Repo Trans, net	**-**	**-**	**-**	**-**	**-**	**336**	**-**	**-**	**336**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives For trading purposes	**-**	**-**	**-**	**-**	**-**	**21,284**	**-**	**993**	**20,291**
Transactions with Derivatives For hedging purposes	**-**	**-**	**-**	**-**	**-**	**366**	**-**	**3**	**362**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**175**	**-**	**-**	**175**
Gross Loan Portfolio	**-**	**-**	**225**	**891**	**3,537**	**382,650**	**1,321**	**5,680**	**378,291**
Net Loan Portfolio	**-**	**-**	**225**	**182**	**3,336**	**379,647**	**810**	**5,301**	**375,155**
Performing Loans	**-**	**-**	**211**	**81**	**3,070**	**382,869**	**801**	**5,198**	**378,472**
Commercial Loans	-	-	124	81	2,716	177,757	717	124	178,350
Financial Intermediaries´ Loans	-	-	-	-	-	13,440	-	5,056	8,384
Government Entities´ Loans	-	-	-	-	-	82,853	1	11	82,843
Consumer Loans	-	-	88	-	-	40,915	56	6	40,965
Mortgage Loans	-	-	-	-	354	67,904	27	1	67,930
Past Due Loans	**-**	**-**	**71**	**204**	**491**	**7,184**	**9**	**103**	**7,089**
Commercial PDL´s	-	-	25	204	423	4,768	6	39	4,735
Financial Intermediaries PDL´s	-	-	4	-	-	4	-	-	4
Government Entities PDL´s	-	-	-	-	-	36	0	-	36
Consumer PDL´s	-	-	41	-	-	1,553	1	9	1,545
Mortgage PDL´s	-	-	-	-	68	822	2	56	768
Preventive Loan Loss Reserves	**-**	**-**	**57**	**104**	**225**	**10,406**	**-**	**-**	**10,406**
Acquired Collection Rights	**-**	**-**	**-**	**709**	**201**	**3,004**	**511**	**379**	**3,136**
Account Receivables from Insurance and Annuities	**-**	**-**	**-**	**-**	**-**	**831**	**-**	**-**	**831**
Premium Debtors (Net)	**-**	**-**	**-**	**-**	**-**	**4,898**	**-**	**-**	**4,898**
Account Receivables from Reinsurance	**-**	**-**	**-**	**-**	**-**	**3,637**	**-**	**-**	**3,637**
Benef.receivab.securization transactions	**-**	**-**	**-**	**-**	**13**	**660**	**-**	**-**	**660**
Sundry Debtors & Other Accs Rec, Net	**105**	**6**	**11**	**6**	**25**	**41,448**	**62**	**289**	**41,221**
Inventories	**-**	**-**	**-**	**-**	**-**	**367**	**-**	**-**	**367**
Foreclosed Assets, Net	**-**	**-**	**0**	**120**	**440**	**2,937**	**-**	**201**	**2,735**
Real Estate, Furniture & Equipment, Net	**0**	**1**	**790**	**6**	**7**	**11,825**	**212**	**19**	**12,018**
Investment in Subsidiaries	**122**	**-**	**-**	**12**	**-**	**65,381**	**767**	**64,205**	**1,944**
Deferred Taxes, Net	**0**	**-**	**27**	**36**	**98**	**554**	**55**	**610**	**-**
Total other Assets	**2**	**10**	**50**	**3**	**37**	**23,850**	**1,103**	**743**	**24,210**
Goodwill	-	-	-	-	-	16,369	1,100	731	16,737
Intangible	1	10	50	3	34	3,130	-	-	3,130
Other Assets	1	-	-	-	3	4,351	3	12	4,343
TOTAL ASSETS	**272**	**29**	**1,107**	**1,290**	**4,204**	**962,419**	**3,625**	**76,237**	**889,807**

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

GFNorte - Balance Sheet as of June '12
(Million Pesos)

LIABILITIES	Holding	Banorte	Casa de Bolsa Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Ixe Tarjetas	IXE Banco	IXE Casa de Bolsa
Deposits	**-**	**361,551**	**-**	**-**	**-**	**-**	**-**	**-**	**33,180**	**-**
Demand Deposits	**-**	**180,212**	**-**	**-**	**-**	**-**	**-**	**-**	**11,062**	**-**
Time Deposits	**-**	**177,237**	**-**	**-**	**-**	**-**	**-**	**-**	**22,119**	**-**
Time Deposits-Retail	-	155,170	-	-	-	-	-	-	22,119	-
Time Deposits-Money Market	-	22,067	-	-	-	-	-	-	-	-
Senior Unsecured Debt	**-**	**4,102**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Due to Banks & Correspondents	**-**	**15,574**	**-**	**15,492**	**285**	**-**	**-**	**-**	**5,651**	**-**
Immediate Redemption Loans	-	5,549	-	-	-	-	-	-	530	-
Short Term Loans	-	6,655	-	11,320	285	-	-	-	5,118	-
Long Term Loans	-	3,370	-	4,172	-	-	-	-	3	-
Technical Reserves	**-**	**-**	**-**	**-**	**-**	**10,954**	**36,650**	**-**	**-**	**-**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Creditor Balance in Repo Trans, Net	**-**	**133,686**	**-**	**-**	**-**	**-**	**-**	**-**	**24,474**	**83,855**
Secs to be received in Repo Trans, Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Collateral sold or pledged as collateral	**-**	**15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**107**
Transactions with Derivatives for trading purposes	**-**	**14,353**	**-**	**-**	**-**	**-**	**-**	**-**	**7,095**	**-**
Transactions with Derivatives for hedging purposes	**-**	**4,950**	**-**	**-**	**-**	**-**	**-**	**-**	**151**	**-**
Valuation adjustments for financial liability coverage	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(224)**	**-**
Payable Accounts for Reinsurance	**-**	**-**	**-**	**-**	**-**	**2,054**	**-**	**-**	**-**	**-**
Other Payable Accounts	**0**	**24,915**	**-**	**467**	**25**	**2,512**	**104**	**-**	**9,800**	**1,265**
Income Tax Payable	-	1,153	-	-	1	258	1	-	197	112
Profit Sharing Payable	-	460	-	-	-	-	-	-	50	14
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	12,902	-	-	-	-	-	-	8,117	697
Obligations in securitization transactions	-	-	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	0	10,401	-	467	23	2,253	103	-	1,437	442
Subordinated Non Convertible Debt	**-**	**16,326**	**-**	**-**	**-**	**-**	**-**	**-**	**3,245**	**-**
Deferred Taxes, Net	**-**	**58**	**-**	**-**	**5**	**-**	**127**	**-**	**-**	**16**
Deferred Credits	**-**	**2,669**	**-**	**104**	**-**	**-**	**-**	**-**	**124**	**-**
TOTAL LIABILITIES	**0**	**574,098**	**-**	**16,063**	**314**	**15,520**	**36,881**	**-**	**83,498**	**85,242**
EQUITY										
Subscribed Capital	**31,608**	**13,980**	**-**	**306**	**87**	**709**	**325**	**-**	**4,042**	**1,198**
Paid-in Capital	13,098	11,488	-	306	87	709	325	-	3,239	1,123
Share Subscription Premiums	18,511	2,492	-	-	-	-	-	-	802	75
Earned Capital	**43,573**	**40,660**	**-**	**2,352**	**167**	**2,125**	**814**	**-**	**926**	**954**
Capital Reserves	3,224	6,473	-	341	30	310	116	-	230	171
Retained Earnings	37,837	32,646	-	1,733	119	1,242	637	-	238	294
Surplus (Deficit) of Secs Available for Sale	737	510	-	-	1	40	(1)	-	89	226
Results from Valuation of Hedging Secs	(2,821)	(2,988)	-	-	-	-	-	-	8	-
Results from Conversions	(322)	(376)	-	-	-	-	-	-	-	32
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-	-
Net Income	4,917	4,394	-	278	16	533	61	-	361	231
Minority Interest	-	10	-	-	0	0	68	-	-	-
Total Equity	**75,181**	**54,649**	**-**	**2,658**	**255**	**2,834**	**1,207**	**-**	**4,968**	**2,152**
TOTAL LIABILITIES & EQUITY	**75,181**	**628,747**	**-**	**18,720**	**568**	**18,354**	**38,088**	**-**	**88,466**	**87,393**

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

GFNorte - Balance Sheet as of June '12
(Million Pesos)

LIABILITIES	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Credits	Final Balance
Deposits	-	-	-	-	2,504	397,235	1,599	-	395,635
Demand Deposits	-	-	-	-	-	191,274	297	-	190,977
Time Deposits	-	-	-	-	-	199,355	1,302	-	198,053
Time Deposits-Retail	-	-	-	-	-	177,289	560	-	176,729
Time Deposits-Money Market	-	-	-	-	-	22,067	743	-	21,324
Senior Unsecured Debt	-	-	-	-	2,504	6,605	-	-	6,605
Due to Banks & Correspondents	-	-	704	1,024	898	39,628	5,574	8	34,062
Immediate Redemption Loans	-	-	-	-	-	6,080	530	-	5,549
Short Term Loans	-	-	630	-	727	24,735	3,947	-	20,788
Long Term Loans	-	-	74	1,024	171	8,813	1,097	8	7,724
Technical Reserves	-	-	-	-	-	47,604	-	-	47,604
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	-	-	-	242,015	-	-	242,015
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	122	-	-	122
Transactions with Derivatives for trading purposes	-	-	-	-	-	21,448	993	-	20,456
Transactions with Derivatives for hedging purposes	-	-	-	-	-	5,102	3	-	5,098
Valuation adjustments for financial liability coverage	-	-	-	-	-	(224)	-	-	(224)
Payable Accounts for Reinsurance	-	-	-	-	-	2,054	-	-	2,054
Other Payable Accounts	98	9	67	8	112	39,381	868	516	39,029
Income Tax Payable	1	1	7	-	2	1,734	-	-	1,734
Profit Sharing Payable	5	0	-	-	1	531	-	-	531
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	21,715	-	-	21,715
Obligations in securitization transactions	-	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	92	7	60	8	108	15,401	868	516	15,049
Subordinated Non Convertible Debt	-	-	-	-	-	19,571	-	-	19,571
Deferred Taxes, Net	-	-	-	-	-	205	610	522	118
Deferred Credits	-	-	53	-	35	2,985	10	-	2,975
TOTAL LIABILITIES	98	9	824	1,031	3,548	817,126	9,657	1,046	808,515
EQUITY									
Subscribed Capital	112	24	220	577	845	54,034	22,860	169	31,344
Paid-in Capital	112	24	220	577	845	32,155	19,090	3	13,068
Share Subscription Premiums	-	-	-	-	-	21,880	3,770	166	18,276
Earned Capital	61	(4)	61	(318)	(190)	91,179	48,404	1,167	43,942
Capital Reserves	4	2	22	0	43	10,965	7,742	-	3,224
Retained Earnings	12	(4)	33	(172)	(11)	74,605	37,131	785	38,259
Surplus (Deficit) of Secs Available for Sale	-	-	(0)	(5)	-	1,597	1,109	16	504
Results from Valuation of Hedging Secs	-	-	-	-	-	(5,800)	(2,980)	-	(2,821)
Results from Conversions	-	-	-	-	-	(665)	(344)	-	(322)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-
Net Income	45	(2)	6	(141)	(222)	10,477	5,745	366	5,098
Minority Interest	0	-	2	-	-	80	-	5,925	6,005
Total Equity	173	20	283	258	655	145,293	71,263	7,262	81,292
TOTAL LIABILITIES & EQUITY	272	29	1,107	1,290	4,204	962,419	80,920	8,307	889,807

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

ACCOUNTING CHANGES AND REGULATIONS

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

On March 16th, 2012, the National Banking and Securities Commsision 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 criteria B-6 "Loan Portfolio" clarifying the specific treatment applicable to the operations of credit restructuring and renewal.**

The criterion establishes the applicable treatment for restructuring and renewal of credit and clarifies the conditions for considering a loan as a current or expired. This amendment came into force on 1 March 2012. The main changes to the criteria listed below:

The criteria establishes the applicable treatment for restructuring and renewal of credit and clarifies the conditions for considering a loan as a performing or non-performing. This amendment came into effect on March 1st 2012. The main changes to the criteria are listed below:

• Fees for restructuring or renewal of credit shall be deferred during the term of the loan.

• In order to consider "Sustainable Payment" loan repayments should cover at least 20% of the principal or the total amount of any interest payments under the restructuring scheme or when renewals were due.

• Establishes that if through a restructuring or renewal various granted loans are consolidated into one credit with the same terms and conditions, the worst one must be used for treatment of claims involved.

• To demonstrate sustained payment, the Parent Company shall make available to the Commission evidence to support that the borrower has the capacity to pay.

• Includes treatment for loans with amortization of principal and interest which shall be periodically restructured or renewed without having passed 80% of the original term, also mentions the treatment during the final 20% of the original term.

• Clarifies the conditions under which the original credit is subject to change without restructuring being considered.

- **Changes to the rating methodology for the commercial portfolio granted to federal entities and their municipalities.**

On October 5th, 2011, the CNBV published a resolution modifying the general applicable dispositions to Credit Institutions amending the qualification rating methodology for the commercial loan portfolio granted to federal entities and their municipalities. This resolution modifies the current model for reserves based on public qualifications, in order to establish a methodology which qualifies and reserves the portfolio based on potential expected losses for the next following 12 months taking into consideration the probability of non-fulfillment, severity of the loss and exposure to each client's non fulfillment which is in Annex 18 of the mentioned Resolution. The resolution came into effect on October 6th, 2011.

- **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 1st, 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.

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

On January 31st, 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 28th, 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 14th, 2006 and its diverse modifications.

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

On January 27th, 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.

- **Changes to rating methodology for consumer and housing mortgage portfolios.**

On October 25th,2010 the Commission published a resolution modifying general dispositions for Credit Institutions in which the methodology for rating non-revolving consumer portfolios and mortgage portfolios is changed in such a way that the estimated preventive reserves for credit risks is calculated based on the expected loss instead of the incurred loss. This change went into effect on March 1st, 2011.

- **Change in rating criteria for Credit cards**

On August 12th, 2009 the National Banking and Securities Commission issued changes in accounting criteria applicable to credit institutions which modify the rating methodology for revolving consumer portfolios, so that the parameters used to estimate preventive reserves reflect an estimated12 month loss for credit cards, based on the current environment.

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

On July 30th, 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

- **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.

- **D-8 Bulletin: Stock based compensation**

Banorte grants GFNORTE shares to its executives through different structured payments plans based on those shares. These plans are managed by trusts that Banorte constitutes and gives the necessary resources so that at the beginning of each plan, they can purchase directly in the financial markets the shares needed to fulfill these stock based plans.

The Financial Norm D-8, Stock based Payments, which is effective for fiscal exercises that began as of January 2009, requires those entities that grant stock based payment plans to recognize an expense for the services received by the executives that are beneficiaries of the plans.

When a subsidiary grants stock plans of its holding company, the NIF D-8 establishes that the accounting recognition of the expenditure must be made as if the plan was settled in cash at reasonable value, each period that the financial information is presented along with the assumptions known at that date.

On the other hand, the Holding must recognize such expenditure as if the plan was to be settled with shares. Under this scheme, the plan is valued in the beginning at the Holding level and must be later revalued.

In the consolidated financial statements with the Group’s subsidiaries, the items recognized in its banking subsidiary derived from the recognition and valuation of the share plans granted have been eliminated through consolidation movements of Ps 20 million. In this sense, an expense incurred by the Financial Group of up to Ps 42 million has been recognized, which results at 4Q10 in a net negative effect in the financial statements of the holding company of Ps (22) million. At 1Q11 results in a net negative effect in the financial statements of the holding company of Ps (17) million. At 2Q11 results in a net negative effect in the financial statements of the holding company of Ps (21) million. At 3Q11 results in a net negative effect in the financial statements of the holding company of Ps (26) million. At 4Q11 results in a net negative effect in the financial statements of the holding company of Ps (24) million. At 1Q12 results in a net positive effect in the financial statements of the holding company of Ps 15 million. In 2Q12 a negative net effect results in the individual Holding´s net income for $22 millions.

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.

	Local Currency			Foreign Currency (USD)			Total		
(Million of Nominal Pesos)	Aug-02	Mar-12	Jun-12	Aug-02	Mar-12	Jun-12	Aug-02	Mar-12	Jun-12
Performing Loans									
Commercial	5	0	0	5	0	0	10	0	0
Consumer	0	0	0	0	0	0	0	0	0
Mortgage	54	13	14	0	0	0	54	13	14
Total	**59**	**13**	**14**	**5**	**0**	**0**	**64**	**13**	**14**
Non Performing Loans									
Commercial	405	308	303	293	108	113	698	416	416
Consumer	81	72	72	0	0	0	81	72	72
Mortgage	1,112	300	296	0	0	0	1,112	300	296
Total	**1,598**	**680**	**671**	**293**	**108**	**113**	**1,891**	**788**	**784**
TOTAL LOANS	**1,657**	**693**	**685**	**298**	**108**	**113**	**1,955**	**801**	**798**
Loan Loss Reserves (1)									
Commercial	326	308	303	246	108	113	572	416	416
Consumer	77	72	72	0	0	0	77	72	72
Mortgage	669	310	300	0	0	0	669	310	300
Total	**1,072**	**690**	**675**	**246**	**108**	**113**	**1,318**	**798**	**788**

1) Reserve requirements using the same classification method used for the bank.
* There was a Reserve deficit of Ps 46 million as of June 2012.
* The dollar portfolio and reserves are re-expressed in pesos.
* Local Currency includes UDIS valued at the new exchange rate.
* Banorte has a 99.99% stake in Sólida.

In 2Q12 the Loan portfolio showed changes due to: collections of Ps $4.5 million, repossessed assets of Ps $1.0 million, restructurings of Ps $0.3 million and there were charge offs and discounts of Ps. $30.7 million. In the Loan loss provisions, there were charge offs and discounts of Ps $4.1 million. There were transfers from performing loans to past due loans of Ps $0.9 million and transfers from past due loans to performing loans of Ps $3.6 million.

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.

	Local Currency (1)		Foreign Currency (USD) (2)		Total	
(Million of Nominal Pesos)	Mar-12	Jun-12	Mar-12	Jun-12	Mar-12	Jun-12
Performing Loans						
Commercial	201,077	221,921	16,962	18,971	218,039	240,892
Consumer	31,991	20,518	0	0	31,991	20,518
Mortgage	62,710	64,773	0	0	62,710	64,773
Government	0	0	0	0	0	0
Fobaproa / IPAB	0	0	0	0	0	0
Performing Loans	**295,778**	**307,212**	**16,962**	**18,971**	**312,740**	**326,183**
Non Performing Loans						
Commercial	3,740	3,739	291	415	4,031	4,154
Consumer	1,263	656	0	0	1,263	656
Mortgage	970	984	0	0	970	984
Government	0	0	0	0	0	0
Non Performing Loans	**5,973**	**5,379**	**291**	**415**	**6,264**	**5,794**
TOTAL LOANS	**301,751**	**312,591**	**17,253**	**19,386**	**319,004**	**331,977**
Loan Loss Reserves	**8,806**	**7,045**	**459**	**479**	**9,265**	**7,524**
Net Loan Portfolio	**292,945**	**305,546**	**16,794**	**18,907**	**309,739**	**324,453**
Loan Loss Reserves					**148%**	**130%**
% Past Due Loans					**1.96%**	**1.75%**

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

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q12 (Million Pesos) NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	104,161	497	104,720	62
Unrestricted	3,880	19	3,901	3
Cetes	1,128	11	1,139	0
Bonds	173	1	175	0
Bondes	1,917	3	1,921	1
Bpas	328	1	329	0
Brems	-	-	-	-
UMS	1	0	1	0
Udibonds	330	0	330	(0)
Stock Certificates	4	2	6	1
Restricted	100,282	478	100,819	60
Cetes	11,352	-	11,352	1
Bonds	22,271	40	22,320	9
Bondes	1,859	1	1,861	1
Bpas	58,699	437	59,158	21
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	5,621	-	5,632	11
Stock Certificates	480	-	497	17
Banking Securities	26,017	29	26,159	113
Unrestricted	7,160	7	7,171	4
Notes	4,586	2	4,588	(0)
CEDES	304	0	305	0
Bonds	-	-	-	-
Stock Certificates	1,935	5	1,939	(0)
Other Banking Securities	335	0	339	4
Restricted	18,857	22	18,988	109
Notes	-	-	-	-
CEDES	7,018	12	7,032	1
Other Banking Securities	2,575	4	2,602	24
Stock Certificates	9,264	6	9,354	85
Private	10,535	36	10,645	74
Unrestricted	8,570	34	8,646	41
Commercial Paper Pesos	0	-	0	0
Commercial Paper U.S. Dollars	103	4	117	10
PEMEX	2	0	2	0
EUROBONDS	306	4	315	4
Stock Certificates	2,657	13	2,692	22
Subordinated paper	-	-	-	-
Securities	5,447	-	5,451	5
Other securities	55	13	68	1
Restricted	1,965	2	1,999	33
Stock Certificates	1,531	1	1,557	25
PEMEX	-	-	-	-
Other	434	1	442	7
Foreign Government	1	0	1	(0)
Unrestricted	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	-	-	-	-
Other securities	-	-	-	-
Restricted	1	0	1	(0)
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	1	0	1	(0)
Other securities	-	-	-	-
Shares listed in the SIC	139	-	149	10
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Total	140,853	562	141,675	259

BANORTE

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

SECURITIES HELD FOR SALE 2Q12 (Million Pesos)				
SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	38,669	249	39,170	251
Unrestricted	10,627	31	10,959	300
Government Securities	10,484	29	10,802	289
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	-	-	-	-
Udibonds	20	0	29	10
Mexican Government Securities (UMS)	124	2	128	2
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Restricted	28,042	218	28,211	(49)
Government Securities	-	-	-	-
Bonds	10	0	11	0
Bondes	11,871	23	11,878	(16)
Bpas	16,161	195	16,322	(34)
Mexican Government Securities (UMS)	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	11,389	25	11,409	(6)
Unrestricted	204	-	199	(5)
Stock Certificates	-	-	-	-
CEDES	-	-	-	-
Structured Notes	204	-	199	(5)
Restricted	11,185	25	11,210	(0)
CEDES	4,610	11	4,621	(0)
Stock Certificates 94	6,575	15	6,589	0
Private	8,768	75	9,345	502
Unrestricted	1,537	14	1,753	203
GFNorte's Stock	-	-	-	-
BMV's Stock	-	-	-	-
Private company bonds	-	-	-	-
EUROBONDS	378	10	394	6
Stock Certificates	752	1	859	107
PEMEX	281	3	290	5
CPO	21	1	20	(2)
Other securities	105	-	191	87
Restricted	7,232	60	7,592	300
GFNorte's Stock	9	-	1	(8)
BMV's Stock	-	-	-	-
Private company bonds	1,179	8	1,242	56
EUROBONDS	-	-	-	-
Stock Certificates 91	3,401	11	3,412	(0)
PEMEX	2,306	42	2,460	111
Mutual Funds	49	-	51	2
Other securities	288	-	427	139
Total	58,827	349	59,924	748

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

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 2Q12

(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Special Cetes	807	3	810	-
Government Securities	96,427	406	96,832	-
Unrestricted	29,984	40	30,024	-
Cetes	-	-	-	-
Bonds	1,695	3	1,698	-
Bondes	-	-	-	-
Bpas	48	1	49	-
UMS	288	8	295	-
Udibonds	27,355	27	27,382	-
Stock Certificates	598	2	600	-
Restricted	66,443	365	66,808	-
Cetes	-	-	-	-
Bonds	1	0	1	-
Bondes	10,306	22	10,328	-
Bpas	53,946	285	54,231	-
UMS	2,190	58	2,248	-
Udibonds	0	-	0	-
Stock Certificates	0	-	0	-
Banking Securities	14,712	1,045	15,757	-
Unrestricted	11,788	1,040	12,828	-
Notes	767	59	826	-
CEDES	1,554	621	2,175	-
Bonds	240	2	241	-
Stock Certificates	7,803	298	8,101	-
Other Banking Securities	1,363	61	1,425	-
Subordinated Paper	60	0	60	-
Restricted	2,924	4	2,929	-
Notes	-	-	-	-
CEDES	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	1,139	0	1,140	-
Other Banking Securities	1,785	4	1,789	-
Private	20,752	155	20,907	-
Unrestricted	7,398	66	7,464	-
Bonds	-	-	-	-
Securities	-	-	-	-
PEMEX	254	14	268	-
EUROBONDS	999	20	1,019	-
Stock Certificates	6,118	31	6,149	-
Other securities	8	0	8	-
XXXXXXXXXXXXXX	19	1	20	-
Sructured Notes	-	-	-	-
Restricted	13,354	89	13,443	-
Bonds	-	-	-	-
PEMEX	3,216	63	3,279	-
EUROBONDS	-	-	-	-
Stock Certificates	9,694	24	9,718	-
Sructured Notes	444	2	447	-
Other Debt Securities	-	-	-	-
Government Securities	12	0	12	-
Subordinated paper	(237)	-	(237)	-
Total	132,473	1,609	134,081	-

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

REPURCHASE AGREEMENT OPERATIONS 2Q12 (Million Pesos)					
	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
SALES	RECEIVABLES ON	SECURITIES TO BE	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	-	193,455	(193,455)	-	193,455
Banking Securities	-	33,024	(33,024)	-	33,024
Private Securities	-	15,536	(15,536)	-	15,536
Total	**-**	**242,015**	**(242,015)**	**-**	**242,015**
	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
PURCHASES	RECEIVABLES ON	SECURITIES TO BE	GLOBAL POSITION	ASSET BALANCE	LIABILITY BALANCE
Goverment Securities	24,834	24,618	216	335	119
Banking Securities	1,474	1,474	-	0	0
Private Securities	3,481	3,482	(1)	1	3
Total	**29,789**	**29,574**	**215**	**336**	**122**
					242,136

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

DERIVATES FINANCIAL INSTRUMENTS OPERATIONS 2Q12 (Million Pesos) INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Futures' Rates	46,206	(46,200)	6	-	-
Over Inflation (INPC)	-	-	-	-	-
Total	46,206	(46,200)	6	6	0
	-	-	-	-	6
FORWARD FX	**AGREED PRICE**	**MARKET VALUE**	**VALUATION**		
Negotiable					
Purchases	14,054	(14,515)	(461)	-	-
Sells	(8,102)	8,428	325	-	-
Total	5,952	(6,088)	(136)	342	477
	-	-	-	-	(136)
Hedging					
Purchases	-	-	-	-	-
Sells	-	-	-	-	-
Total	-	-	-	-	-
					-
SWAPS					
Negotiable					
Capital	76,402	(76,865)	(463)	-	-
Interest Rate	1,862	(1,848)	13	-	-
Valuation	97,069	(96,792)	277	-	-
Subtotal	175,332	(175,505)	(173)	20,239	20,412
					(173)
Hedging					
Capital	10,339	(11,604)	(1,266)		-
Interest Rate	126	(348)	(222)	-	-
Valuation	9,127	(12,407)	(3,280)	-	-
Subtotal	19,592	(24,360)	(4,768)	334	5,102
					(4,768)
OPTIONS					
Negociable - Assets					
Swaptions	0	(0)	0	-	-
Rate Options	921	(224)	697	-	-
Fx	2	(2)	0	-	-
Index Options (IPC)	-	-	-	-	-
Total	923	(226)	697	697	-
					-
Hedging - Assets					
Swaptions	-	-	-	-	-
Rate Options	125	(94)	32	-	-
Index Options (IPC)	-	-	-	-	-
Total	125	(94)	32	32	-
					-
Negotiable - Liability					
Swaptions	-	-	-	-	-
Fx	(3)	1	(3)	-	-
Rate Options Fx	(829)	272	(556)	-	-
Index Options (IPC)	-	-	-	-	-
Total	(832)	273	(559)	-	559
					-
Intercompany Operations	-	-	-	-	-
Negotiable	-	-	-	(993)	(993)
Hedging	-	-	-	(3)	(3)
Debtor Balance				20,653	-
Creditor Balance				-	25,554

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

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q12- Banorte (Million Pesos)			
PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	2,178
FX Forwards	Sales	Exchange Rate (Dollar)	1,976
FX Options	Purchases	Exchange Rate (Dollar)	130
FX Options	Sales	Exchange Rate (Dollar)	372
Interest Rate Options	Purchases	TIIE	46,778
Interest Rate Options	Sales	TIIE	57,590
Interest Rate Options	Purchases	LIBOR	3,832
Interest Rate Options	Sales	LIBOR	1,645
Interest Rate Options	Swaption Purchases	LIBOR	107
Interest Rate Swaps	USD LIBOR S 3M	LIBOR	82,716
Interest Rate Swaps	MXN TIIE	TIIE	882,328
FX Swaps	CS EURMXN	FIX/FIX	1,667
FX Swaps	CS UDIMXN	UDI	170
FX Swaps	CS USDCETE	CETE	1,341
FX Swaps	CS USDMXN	FIX/FIX	32,199

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 2Q12- Ixe (Million Pesos)			
PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases/ Sales	Exchange Rate (Dollar)	7,947
FX Forwards	Purchases/ Sales	Exchange Rate (EUR)	155
FX Forwards	Purchases/ Sales	Exchange Rate (CAD)	177
FX Options	Purchases	Exchange Rate (Dollar)	170
FX Options	Sales	Exchange Rate (Dollar)	170
Interest Rate Options	Purchases/ Sales	TIIE	20,475
Interest Rate Options	Purchases/ Sales	LIBOR	818
Interest Rate Swaps	USD LIBOR	LIBOR 3M,6M	5,767
Interest Rate Swaps	MXN TIIE	TIIE	206,671
FX Swaps	CS USDMXN	FIX/VARIABLE	16,406
FX Swaps	Purchases/ Sales	Exchange Rate (Dollar)	4,242
FX Swaps	Purchases/ Sales	Exchange Rate (EUR)	135
FX Swaps	Purchases/ Sales	Exchange Rate (CAD)	94

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

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	2Q11	2Q12	2Q11	2Q12	2Q11	2Q12	2Q11	2Q12
Performing Loans								
Commercial Loans	131,686	146,903	0	-	24,467	31,448	156,153	178,350
Financial Intermediaries´ Loans	8,652	7,405	-	-	429	979	9,081	8,384
Consumer Loans	30,472	40,765	6	-	161	199	30,639	40,965
Mortgage Loans	58,390	65,868	237	195	2,011	1,867	60,637	67,930
Government Entities´ Loans	55,373	82,544	-	-	48	299	55,421	82,843
Total	**284,573**	**343,484**	**242**	**195**	**27,116**	**34,792**	**311,931**	**378,472**
Past Due Loans		0		0		0		0
Commercial Loans	4,431	4,360	70	7	469	368	4,969	4,735
Financial Intermediaries´ Loans	6	4	-	-	-	-	6	4
Consumer Loans	1,485	1,545	0	0	0	0	1,486	1,545
Mortgage Loans	968	729	16	8	102	30	1,086	768
Government Entities´ Loans	-	36	-	-	-	-	-	36
Total	**6,890**	**6,675**	**86**	**15**	**571**	**399**	**7,547**	**7,089**
Total Propietary Loans	**291,463**	**350,159**	**328**	**210**	**27,687**	**35,191**	**319,478**	**385,561**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 2Q12- GFNorte (Million Pesos)	TOTAL	
	PERIOD COST	PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	6.2	0.0
Mortgage FOVI	-	-
	6.2	**0.0**

At closing of this quarter the balance in debtors support programs totaled Ps 6.2 million without a cost for the period.

- **Distressed Portfolio**

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

(Million Pesos)	Total
Distressed Portfolio	4,436
Total Loans	411,917
Distressed Portfolio / Total Loans	**1.1%**

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

DEFERRED TAXES 2Q12 (Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Excess of preventive reserves accounts over the fiscal limit	648	209	**857**
Ixe's AAA Portfolio	188	-	**188**
Non deductible provisions and cumulative income	348	55	**404**
Excess of accounting value over fiscal value on Repossessed Assets	450	60	**510**
Diminishable profit sharing	240	78	**318**
Fees received in advance	200	31	**231**
Tax losses pending amortization	709	-	**709**
Provisions for possible loss in loans	67	-	**67**
Earnings per Society	2	-	**2**
State Tax on Assets Deferred	8	-	**8**
Loss on sale of foreclosed assets and credits	108	-	**108**
Decline in value of real estate	32	-	**32**
Interest on Loans	12	-	**12**
Reserve for employee retirement benefits	2	-	**2**
Current Account Agents	11	-	**11**
Reserve for additional compensation to agents	47	-	**47**
Diverse Creditors	85	-	**85**
Decrease for securities' valuation	17	-	**17**
Charge-off's Estimates	30	-	**30**
Tax loss on share sale	32	-	**32**
Additional Obligations for Employee benefits	-	-	**-**
Other	32	-	**32**
Total Assets	3,270	433	**3,703**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	-	-	**-**
Pension Funds Contribution	(784)	(270)	**(1,054)**
Loan Portfolio Acquisitions	(411)	(94)	**(505)**
Projects to be capitalized	(324)	(105)	**(430)**
Effects from valuation of instruments	(116)	(20)	**(136)**
Dividends Federal Home Loan Bank	(7)	-	**(7)**
Intangibles' amortizations	(30)	-	**(30)**
Unrealized Loss on Securities held for Sale	(101)	-	**(101)**
Reversal of Sale Costs	-	-	**-**
Increase for securities' valuation	(822)	-	**(822)**
Receivable interest from securities	(9)	-	**(9)**
Investment of reserves for obligations	(1)	-	**(1)**
Current Account Agents	(16)	-	**(16)**
Savings' Inventory	(10)	-	**(10)**
Savings' Inventory	(467)	-	**(467)**
Other	(235)	-	**(235)**
Total Liabilities	(3,333)	(488)	**(3,821)**
Assets (Liabilities) Accumulated Net	(63)	(55)	**(118)**

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

LONG TERM DEBT AS OF JUNE '12- 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	2,562	15 years	6.862%	13-Apr-21	E/180 days
Senior Notes Due 2010	USD	19-Jul-10	300	3,875	3,843	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	2,128	20 years	4.950%	15-Feb-28	E/180 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	30-Mar-09	2,200	2,200	2,200	10 years	TIIE + 2.00%	18-Mar-19	E/28 days
Non Convertible Subordinated Bonds Q Banorte 12	MXN	08-Jun-12	3,200	3,200	3,200	10 años	TIIE + 1.50%	27-May-22	E/28 days

LONG TERM DEBT AS OF JUNE '12- IXE BANCO

TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Perpetual Non-Cumulative Subordinated Non-Preferred Callable Notes	USD	26-Feb-07	120	1,325	1,537	Perpetual	9.75%	26-Feb-49	E/90 days
Non-Preferred Non-Cumulative Subordinated Fixed Rate Notes due 2020	USD	14-Oct-10	120	1,484	1,537	10 años	9.25%	14-Oct-20	E/180 days

BANK AND OTHER ENTITIES LOANS' AS OF 2Q12

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
LOANS FROM LOCAL BANKS		6,078	6,078
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY		-	-
LOANS FROM FOREIGN BANKS GENERATED FROM FOREIGN COUNTRY		437	437
LOANS FROM DEVELOPMENT BANKS	13,532	3,212	16,744
LOANS FROM PUBLIC FUNDS	6,932	568	7,500
CALL MONEY & LOANS FROM BANKS	8,523	-	8,523
LOANS FROM FIDUCIARY FUNDS	253		253
PROVISIONS FOR INTEREST		93	93
	29,240	**10,387**	**39,627**
ELIMINATIONS			(5,566)
Total			**34,061**

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

TRADING INCOME 2Q12 *Million Pesos*	
VALUATION EFFECTS	
Negotiable Instruments	451
Repurchase Agreements	-
Derivative instruments	351
Futures	(57)
From repo transactions	-
Range	-
Inflation Adjustment	-
Total	**745**
Dividends Received	**(110)**
Negotiable Instruments	491
Securities Held for Sell	119
Securities Held to Maturity	16
Derivative Operations	(64)
Inflation Adjustment	-
Total of Buying and Selling	**561**
FX Spot	878
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	12
Intermediation of metals	3
Changes in valuation of metals	(11)
Intermediation of received collateral	0
Total Foreign Exchange	882
Inflation Adjustment	**-**
Total of Buying and Selling	**1,443**
Total Trading Income	**2,078**

- **Risk Management**

AUTHORIZED ORGANS

For a proper Risk management, the Board of Directors constituted since 1997 the Risk Policy Committee (CPR) designed 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 COMPREHENSIVE RISK ADMINISTRATION (UAIR)

The UAIR serves to 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 GDAR 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 GDAR routes the efforts of the Risk Management in six directions:

• Credit Risk Management and Operations;
• Market Risk Management;
• Credit Administration;
• Risk Management Policy;
• Consumer Asset Quality, and
• Risk Management Tools.

Currently, the Holding has methodologies for risk management in its various phases, such as credit, market, liquidity and operational risks.

The main objectives of the GDAR 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 has sliced the risk assessment and management in the following areas:

Credit Risk: revenue volatility due to creation of reserves for impairment of loans and credit potential losses on non-payment of a borrower or counterparty.

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.
- 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 IXE portfolios have established systems for expert analysis which are carried out by personnel specializing in each product type based on the revision of the financial situation of the borrower, credit history, economic viability, and other characteristics that are determined by the Law and internal policies. The individual risk of SMEs is identified, measured and controlled through a scoring system.

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 bank when granting a loan to customer on the bases of their economic activity. The types of risk contemplated in the Risk Acceptance Criteria are financial risk, operation risk, market risk, company life cycle, legal, regulatory, loan experience and management quality.

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 aligns with AND serves on the individual rating to the portfolios of IXE, they serve the "general PROVISIONS applicable to the loan qualification method of loan institution" issued by the CNBV on December 2, 2005. Banorte's CIR was certified by the CNBV and by an international external auditor in 2001.

Banorte's CIR is applied to commercial loans equal to or greater than an amount in Mexican pesos equivalent to 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 bank according to the originally agreed terms and conditions. The probability of non-compliance is based on the transition matrixes that the Banks calculate from the migration of the debtors through different risk qualification levels. The *recovery ratio* is the percentage of total exposure that is estimated to be recovered if the debtor fails to comply. The Credit Risk+ model is used for IXE portfolios, based on an actuarial focus of the portfolio in which the non-fulfillment probability, the recovery level and the unpaid balance of each client is considered.

The *classification of the debtor*, based on the Merton model, associates the debtor's future behavior to loan and market factors on which his "credit health" depends, as determined by statistical techniques.

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

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

By June 30st, 2012, the Banco Mercantil del Norte total portfolio was Ps 331,178 million. The expected loss represents 1.3% and the unexpected loss is 3.0% with respect to the total portfolio. The average expected loss is 1.3% during the period between April - June 2012.

Banorte- Ixe's Brokerage House, the credit exposure of investments is Ps 83,886 million and the expected loss represents 0.01% of the exposure. The average expected loss is 0.01% between April- June 2012.

The total operating portfolio of Arrendadora and Factor is Ps 18,703 million. Prospective losses represent 0.7% and unforeseen losses 2.8% of the total operating portfolio. The prospective loss average represents 0.7% in the period of April- June 2012.

The total performing portfolio of IXE Banco was Ps 29,720 million to June 30th, 2012. The estimated loss of the portfolio represents 2.6% and the unexpected loss 0.1%. The estimated loss average for the period of April- June 2012 was 2.6%.

The total performing portfolio of IXE Automotriz including pure lease is Ps 1,081 million. The estimated loss represents 4.8% and the unexpected loss 0.4% both with regard to the total performing portfolio. The estimated loss average represents 5.1% for the period of April-June 2012.

The total performing portfolio of Fincasa Hipotecaria (Mortgages) is Ps. 3,561 million. The estimated loss represents 5.7% and the unexpected loss 6.6% both with regard to the total performing portfolio. The estimated loss average represents 5.7% for the period of April-June 2012.

The total performing portfolio of IXE Soluciones is Ps 285 million. The estimated loss represents 36.3% and the unexpected loss 44.3% both with regard to the total performing portfolio. The estimated loss average represents 32.3% for the period of April-June 2012.

The total performing portfolio of IXE Tarjetas is Ps 15,219 million. The estimated loss represents 11.3% and the unexpected loss 10.9% both with regard to the total performing portfolio. The estimated loss average represents 11.8% for the period of April-June 2012.

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 June 30th, 2012, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 154,782 million, of which 99.0% 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 16% of the Basic Capital as of March 2012. 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 March 2012 has a higher or similar rating to AA (mex) and is comprised of (average considered term, amount in million of pesos and rate): bond certificates from Pemex to 5 years and 5 months for Ps. 10,235 to 3.8%; Santander, market and deposits Certificates for 8 months for Ps. 9,347 at 4.8%; and Inbursa market and deposits certificates for 8 months for Ps 5,968 at 4.6%; Bancomer deposits and market certificates for 1 year and 4 months for Ps. 2,691 at 4.9%, and State and Municipal Government loan securitization certificates for 24 years and 11 months for Ps 3,458 at 6.0%.

The exposure of Derivatives is Ps -5,082 billion, of which 99.2% 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 3% of the Basic Capital of March 2011.

As of June 30th, 2012, exposure to credit risk for Securities Investments of Casa de Bolsa Banorte-Ixe was Ps 83,885 million, of which 99.8% 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 43% of the Basic Capital as of March 2012. 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 March 2012 has a higher or similar rating to BBB-(mex) and is comprised of (average considered term, amount in million of pesos and rate): Scotiabank market certificates to 1 year and 6 months for Ps. 2,470 at 5%; Inbursa market certificates for 1 year 4 months for Ps 622 at 4.9%; deposits certificates of Banco del Banjio to 9 months for Ps 501 at 5%; market certificates of the Federal District Government to 3 years and 8 months for Ps 408 at 4.9%; Deutsche Bank bonds to 11 years and 1 month for Ps 354 at 10.3%; bond certificates from Pemex to 2 years and 7 months for Ps. 282 to 4.9%; Banco Interacciones market certificates to 3 years and 10 months for Ps 200 at 5.9%; CFE market deposits for 8 years and 2 months for Ps 160 at 5% and CABEI bonds for 1 year and 11 months for Ps $102 at 4.8%. In the case of derivatives, there are no operations.

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

Exposure to risk for securities of IXE Banco was Ps 32,890 billion to June, 2012. Of the total, 42.7% is in securities with government and quasi-government tallies; 40.8% with bank tallies and 16.5% with private tallies.

The risk exposure of derivatives at closing of 2Q12 was Ps 18 million. The total was distributed with 86.7% in bank tallies and 12.7% in private tallies and 0.6% in quasi-government tallies.

IXE Automotriz does not have investments in securities or derivatives.

The exposure of Fincasa Hipotecaria to investments in securities was Ps. 21 million in bank tallies. The institution does not have investment in derivarives.

For IXE Soluciones, the risk exposure for securities' investments was Ps 200 million, in privately issued bonds. The Institution does not hold positions in derivative instruments.

The exposure of Ixe Tarjetas to investments is for Ps. 346 million. 95.3% is concentrated in government tallies and 4.7% in bank tallies. The Institution does not hold positions in derivative instruments.

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

On December 2005, the CNBV issued “General Rules Applied to Credit Institutions in relation to Risk Diversification”.

These guidelines state that the Banks must carry out an analysis of their borrowers and/or loans to determine the amount of “Common Risk”; also, the Banks 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:

Tier 1 to March 31st , 2011	**43,965**
I. Financings whose individual amounts represent more than 10% of the basic equity	
Loan Operations	
Number of financings	5
Total amount of financings	26,747
% in relation to Basic Capital	61%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Overnight Operations	
Number of financings	2
Total amount of financings	12,806
% in relation to Basic Capital	29%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**28,090**

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 of pesos:

Tier 1 to March 31st , 2011	**2,506**
1. Financing with individual amounts that represent more than 10% of Tier 1:	
Loan Transactions	
Number of operations	12
Total amount of the financings	6,604
% relative to basic capital	264%
II. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	**3,787**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Banco (million of pesos):

Basic Capital to March 31st , 2011	**4,798**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	12
Total amount of financings	7,194
% in relation to Basic Capital	150%
Money Market Operations	
Number of financings	16
Total amount of financings	17,989
% in relation to Basic Capital	375%
Overnight Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**4,136**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Automotriz (million of pesos):

Equity at March 31st , 2011	**283**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	6
Total amount of financings	247
% in relation to Basic Capital	87%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Overnight Operations	0
Number of financings	0
Total amount of financings	0%
% in relation to Basic Capital	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**156**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to Fincasa Hipotecaria (million of pesos):

Equity at March 31st , 2011	**621**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	22
Total amount of financings	2,621
% in relation to Basic Capital	422%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Overnight Operations	
Number of financings	
Total amount of financings	
% in relation to Basic Capital	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**604**

In accordance with risk diversification regulations for asset and liability operations, is the following information corresponding to IXE Soluciones (million of pesos):

Equity at March 31st , 2011	**279**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	12
Total amount of financings	902
% in relation to Basic Capital	323%
Money Market Operations	
Number of financings	3
Total amount of financings	195
% in relation to Basic Capital	70%
Overnight Operations	
Number of financings	
Total amount of financings	
% in relation to Basic Capital	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**350**

In compliance with the risk diversification rules on lending and borrowing, the following information is shown for Banorte-IXe Tarjetas (Million of pesos):

Equity at March 31st , 2011	**960**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):	
Loan Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Money Market Operations	
Number of financings	0
Total amount of financings	0
% in relation to Basic Capital	0%
Overnight Operations	
Number of financings	
Total amount of financings	
% in relation to Basic Capital	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**5**

Market Risk

- ***Value at 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 second quarter of 2012 for the portfolio is Ps 2,444 million.

* Quarter Average of the Bank- Banorte

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

Millon pesos	2Q11	3Q11	4Q11	1Q12	2Q12
Total VaR*	1,640	1,736	2,392	2,399	2,444
Net Capital **	54,505	56,709	50,369	52,087	55,519
VaR / Net Capital	3.01%	3.06%	4.75%	4.61%	4.40%

Moreover, the average Value at Risk per risk factor of the portfolio of instruments described for the Banorte Bank, during the second quarter of 2012 is shown below:

Million pesos

Risk Factor	VaR
Domestic interest rate	2,345
Foreign interest rate	245
Exchange rate	318
Capitals	2,444

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.

➢ ***Ixe's Market Risk***

The Institution's market risk positions include money market instruments mainly floating rate instruments, lineal derivative instruments, underlying options such as interest rates, currencies and stock titles. To estimate market risk of Money, Stock, Foreign Exchange and Derivative portfolios, diverse methodologies are used to evaluate and control risk, which are authorized by the Board of Directors.

The Value at Risk, VaR, represents the maximum estimated loss with a certain statistical level of trust, for a determined period of time (investment horizon) and under normal market conditions. The Institution uses the integral risk system to the estimate VaR for all its positions and portfolios at risk.

To estimate VaR, the Historical Simulation methodology is used with 100 horizon days, as a policy estimations are carried out with a 95% level of trust and a horizon time of 1 day. These estimates are calculated for the Institution's diverse portfolios which include: Capital Market, Money Market, Derivatives, Foreign Exchange and Treasury.

To estimate the VaR, it is necessary to have the following:

Valuation formula.
Data base of relevant risk factors

Monthly tests are carried out with extreme scenarios which incorporate historical scenarios during which fundamental suppositions are broken in the risk variables that the Institution is exposed to, additionally there are risk mesurations such as sensitivity to movements in: interest rates by 1 base point (PV01), exchange rates and stock prices.

Daily "back-tests" are carried out to compare losses and earnings with the value at risk observed, and to carry out calibrations with the models should the need arise.

The Institution can have shares registered as available for sale, which are treated with the accounting regulations in effect; as long as the value at risk is calculated at a trust level of 95% and 99.5% for market risk.

The VaR average for Ixe Banco's portfolios for 2Q12 is Ps 9.29 million, which represents 0.11% of the Ixe Banco's Net Capital to June 2012.

IXE BANCO, S.A. DE C.V. VaR by Portfolio & risk factor Million Pesos	Total 2Q12	
	Average	Closing
VaR 95% 1 day		
Money Market	7.74	8.09
Capital Market	6.75	10.61
Exchange Market	0.01	0.01
Derivatives Market	0.26	0.22
TOTAL	9.29	13.26
Diversifications Effect	-5.47	-5.68
Treasury	9.99	10.75
Capital Net		8,195
VAR / Net Capital	**0.11%**	**0.16%**

Note

VaR does not include securities held for settlement.

Note: Net Capital as of June 2012 is preliminary

The VaR average of Ixe Broker Dealer's portfolios for 2Q12 is Ps 198.99 million, which represents 10.90% of the Institution's Net Capital to June 2012.

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

IXE CASA DE BOLSA, S.A. DE C.V. VaR by Portfolio & Risk Factor Million Pesos	Total 2Q12	
	Average	Close
VaR		
Shares	46.06	33.70
Money Market	193.53	220.32
Treasury	84.00	80.77
TOTAL	198.99	264.40
Diversifications Effect	(124.60)	(70.38)
Net Capital		1,825
VAR / Net Capital	**10.90%**	**14.49%**

Note

VaR does not include securities held for settlement.

Note: Net Capital as of June 2012 is preliminary

The VaR average of the Fincasa portfolios for 2Q12 is Ps 2.03 million, which represents 0.30% of the Institution's Net Capital to June 2012.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

FINCASA HIPOTECARIA. VaR Balance. Million Pesos	Total 2Q12	
	Average	Closing
VaR Balance	2.03	1.85
Net Capital*		678.94
VAR / Capital Neto	**0.30%**	**0.27%**

Note

Net Capital as of June 2012 is preliminary

The VaR average of the Ixe Automotriz portfolios for 2Q12 is Ps 0.47 million which represents 0.17% of the Institution's Net Capital to June 2012.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

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

IXE AUTOMOTRIZ. VaR Balance. Million Pesos	Total 2Q12	
	Average	Closing
VaR Balance	0.47	0.44
Net Capital*		270.17
VAR / Capital Neto	**0.17%**	**0.16%**

Note

Net Capital as of June 2012 is preliminary

The VaR average of the Ixe Soluciones portfolios for 2Q12 is Ps 1.17 million which represents 0.52% of the Institution's Net Capital to June 2012.

For their calculation, the Historical Simulation methodology was used with 100 horizon days, and as a policy, calculations were carried out with trust levels of 95% with a horizon time of 1 month.

IXE SOLUCIONES. VaR Balance. Million Pesos	Total 2Q12	
	Average	Closing
VaR Balance	1.17	1.13
Net Capital *		226.19
VAR / Net Capital	**0.52%**	**0.50%**

Note

Net Capital as of June 2012 is preliminary

- **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 interbanking loans and short-term interbanking loans. The liquidity ratio for Banorte at closing of 2Q12 is 78.7%, while the average for the quarter is 79.5%.

Million Pesos (at closing of the quarter)	2Q11	3Q11	4Q11	1Q12	2Q12
Liquid Assets	127,601	118,934	164,484	151,000	142,019
Liquid Liabilities	144,363	151,706	180,088	184,152	180,479
Liquidity Ratio	88.4%	78.4%	91.3%	82.0%	78.7%

Million Pesos (average)	2Q11	3Q11	4Q11	1Q12	2Q12
Liquid Assets	138,778	139,508	157,210	171,629	136,390
Liquid Liabilities	139,777	148,421	165,791	171,353	171,667
Liquidity Ratio	99.3%	94.0%	94.8%	100.2%	79.5%

Average estimate calculated using weekly of Liquidity Ratio

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.

- **Ixe Liquidity Risk**

Considering cash, the deposit with the Bank of Mexico, Government and banking securities of the Balance Sheet, and deposits such as core deposits all as liquid assets, the liquidity quotient (liquid assets vs. deposits) for Ixe Banco to June 2012 is 19%. The liquidity ratio vs. Net Capital is 75%.

IXE BANCO, S.A. DE C.V. Liquidity Risk Million Pesos	Use 2Q12
Accumulated gap in 1 month (MXP + UDIS)	145.81
Liquid Assets	6,146.20
Net Capital	8,195.00
Tier 1 Capital	5,551.00
Liquidity vs. Net Capital	**75.00%**
Liquidity vs. Tier 1 Capital	**110.72%**
Liquidity Ratio	**19.00%**

Liquidity Ratio= Liquid Assets vs. Deposits

**Cash, BM's Deposits, Bank and Governmental certificates*

Note: Net Capital as of June 2012 is preliminary

The liquidity ratio vs. Net Capital for the Casa de Bolsa to June 30th, 2012 is 74.36%.

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

IXE CASA DE BOLSA, S.A. DE C.V.	USE
Liquidity Risk	
Million Pesos	2Q12
Accumulated gap in 1 month (MXP + UDIS)	2.58
Liquid Assets	1,356.67
Net Capital	1,825.00
Liquidity vs. Capital	74.34%

Note: Net Capital as of June 2012 is preliminary

The liquidity ratio vs. Net Capital for Fincasa to June 30th, 2012 is 6.86%.

FINCASA HIPOTECARIA.	USE
Liquidity Risk	
Million Pesos	2Q12
Accumulated gap in 1 month (MXP + UDIS)	(1,794.71)
Accumulated gap in 3 months (MXP + UDIS)	(1,873.07)
Liquid Assets*	46.55
Net Capital	678.94
Tier 1 Capital	650.95
Liquidity vs. Net Capital	6.86%
Liquidity vs. Tier 1 Capital	7.15%

**Only Banks*

Net Capital as of June 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Automotriz to June 30th, 2012 is 1.20%.

IXE AUTOMOTRIZ.	USE
Liquidity Risk	
Million Pesos	2Q12
Accumulated gap in 1 month (MXP + UDIS)	(185.47)
Accumulated gap in 3 months (MXP + UDIS)	(586.92)
Liquid Assets*	3.24
Net Capital	270.17
Tier 1 Capital	269.26
Liquidity vs. Net Capital	1.20%
Liquidity vs. Tier 1 Capital	1.20%

**Only Banks*

Net Capital as of June 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Soluciones to June 30th, 2012 is 0.14%.

IXE SOLUCIONES. Liquidity Risk Million Pesos	USE 2Q12
Accumulated gap in 1 month (MXP + UDIS)	(0.55)
Accumulated gap in 3 months (MXP + UDIS)	(0.55)
Liquid Assets*	0.33
Net Capital	226.19
Tier 1 Capital	226.19
Liquidity vs. Net Capital	**0.14%**
Liquidity vs. Tier 1 Capital	**0.14%**

**Only Banks*

Net Capital as of June 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Tarjetas to June 30th, 2012 is 20.68%.

Banorte Ixe Tarjetas Liquidity Risk Million Pesos	USE 2Q12
Accumulated gap in 1 month (MXP + UDIS)	(7,882.00)
Accumulated gap in 3 months (MXP + UDIS)	(6,087.38)
Liquid Assets*	353.82
Net Capital	1,711.32
Tier 1 Capital	1,702.18
Liquidity vs. Net Capital	**20.68%**
Liquidity vs. Tier 1 Capital	**20.79%**

**Only Banks*

Net Capital as of June 2012 is preliminary

- **Operational Risk**

GFNorte has a formal Operational Risk department pertaining to the "Deputy Managing Director' Operational Risk Administration", which reports to General Management of Risk Administration.

Our institution defines Operational Risk 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

<u>Operating Losses Database</u>

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. ; The assets subject to operational risk are disclosed in the footnote to the Rules for capitalization requirements.

IV. Information and Reporting

The information generated by the Database and the Management Model is processes 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 in our institution 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 or 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.

- **Ixe Operational Risk**

IXE has a Manual for Operational Risk Management and an Internal Control System that integrates policies, procedures, responsibilities and roles of government entities for operational risk management including Operational, Technological and Legal Risk, as well as the section of internal control. In addition, there are manuals for processes, policies and procedures of the operating processes for entire areas of the institution.

Operational Risk Management has a model to identify, evaluate, mitigate, administer and monitor the operational, legal and technological risk in the environment of the entire company, with the support of the process owners and operational risk delegates.

To register those events with operational losses, a database is made that allows the central areas supplying information to report the events directly, classifying each by type of event and line of business, in order to have statistics of those operational events incurred by the institution to be able to determine the tendencies, frequency, impact and distribution that they present.

The functions established by the CNBV in Technology Risk Management, are performed by the Institution under the guidelines established by institutional regulations.

Also, IXE has a Business Continuity Plan and a Disaster Recovery Plan with what you have covered the backup and recovery of critical applications of the institution, in the event of any significant operational event.

To register and follow-up on judicial, administrative and fiscal matters that could result from unfavorable unappealable resolutions, there is a database that allows the central areas supplying information to report directly on these matters, which are classified under defaulted taxonomy.

In accordance with Capitalization Rules for Operational Risk in effect, IXE has adopted the Basic Model that is calculated and reported periodically to authorities.

- **Internal Control**

The companies that make up GF Banorte have an Internal Control System (SCI) that has been structured according to the guidelines set forth by its Board of Directors and that addresses the requirements indicated by the regulating authorities.

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

A. Board The Board of Directors with the support Advisory Board, Management Committee, of the Committee of Risk Policies (CPR), the Committee of Audit and Corporate Practices (CAPS), the Human Resources' Committee and of the Designation Committee.
B. Management and support the areas that are Unit Risk Management (UAIR), Legal and Comptroller, who are responsible for ensuring that adequate levels are maintained and risk control in the Group's operations and compliance the regulation.
C. Internal Audit, External Audit and 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 complete independence from the administrative areas.
D. The Executive Group as those mainly responsible 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 CEO GFNorte.
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 advisor, officer or employee of the Group should assume while performing their activities.
F. Policy and procedure manuals that regulate documentation, recording and liquidation 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 second quarter of 2012, activities related to strengthening control, risk evaluation and administration, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

A. The Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.
B. The policy and procedure manuals have been updated as per the changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls. Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
C. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
D. Monitoring of the various business and support processes that make up the operation in GFNorte through Process Controllers and Management, to report periodically on compliance and identifying where areas of opportunity for timely remediation.

- **Treasury Policy**

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

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

- **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. Another source is the sales of the institution's assets.

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

Another alternative for getting resources is by issuing capital shares.

- **Dividend Policy**

During the April 30, 2003 session, the Board of Directors approved a dividend payment policy in which it will propose to the General Ordinary Stockholders' Meeting a dividend payment consisting of at 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**

At GFNorte, the amount of the loans performed with related individuals and companies, does not exceed the established limit of 50% of the Tier 1 capital. As of June 30th, 2012 and March 31st, 2012, the loans granted to related parties totaled Ps $ 11.99 billion and Ps $13.27 billion, respectively.

- **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.

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

Ing. Rafael Arana de la Garza
Chief Financial Officer

Lic. Benjamín Vidargas Rojas

Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

C.P. Nora Elia Cantú Suárez
Deputy Managing Director of Accounting and Fiscal

- **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 31th, 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.

In order to comply with the new general provisions applicable to the financial information of holding companies, since 1Q01, the Quarterly Report provides consolidated information for the financial group including insurance and annuities.

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 3rd, 2006, March 28th, 2006, September 15th, 2006, December 6th, 2006, December 8th, 2006 and January 12th, 2007, March 23rd, 2007, April 26th, 2007, November 5th, 2007, March 10th, 2008, August 22nd, 2008, September 19th, 2008, October 14th, 2008, December 4th,2008, April 27th, 2009, May 28th, 2009, June 11th , August 12nd, October 16th,2009, 2009, November 9th , 2009, December 24th, 2009 and January 27th, 2011, February 10th,2010, April 9th and 15th, 2010, May 17th, 2010, June 28th,2010, July 29th, 2010, August 19th, 2010, September 9th and 28th, 2010, October 25th, 2010, November 26th, December 20th, 2010, January 24th and 27th, 2011, March 4th , 2011, April 21st, 2011, July 5th, 2011, August 3rd and 12th, 2011, September 30th, 2011, October 5th and 27th, 2011, December 28th, 2011 and June 19th, 2012. 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.