Grupo Financiero Banorte

Financial Information as of September 30th, 2012

3Q12

"Bank of the Year Mexico 2011"

"Best Commercial Bank in Mexico 2011 & 2012"

"Best Bank in Mexico 2011"

"Sustainable Company"

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Institutional Investor

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

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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 7.9 billion in 9M12 and Ps 2.8 billion in 3Q12

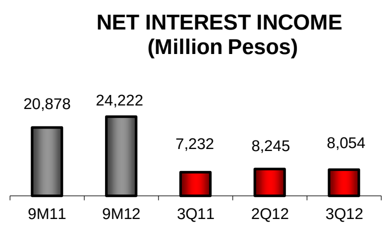
Operating Results (Million Pesos)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11	LTM 3Q12	Change LTM
Net Interest Income	7,232	8,245	**8,054**	(2%)	11%	20,878	**24,222**	16%	31,586	18%
Non Interest Income	3,564	3,344	**3,437**	3%	(4%)	9,153	**10,653**	16%	15,267	22%
Total Income	10,795	11,589	**11,491**	(1%)	6%	30,031	**34,875**	16%	46,853	19%
Non Interest Expense	5,814	6,457	**6,232**	(3%)	7%	16,410	**19,247**	17%	26,246	24%
Provisions	1,650	1,186	**1,524**	28%	(8%)	4,306	**4,176**	(3%)	5,309	(14%)
Operating Income	3,332	3,947	**3,736**	(5%)	12%	9,315	**11,451**	23%	15,298	28%
Net Income	2,142	2,635	**2,780**	6%	30%	6,004	**7,878**	31%	10,391	34%

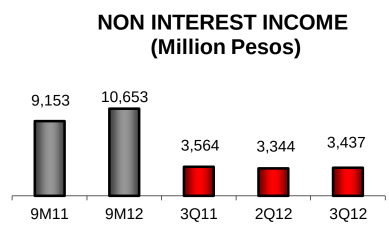
- **Net Interest Income**

Net Interest Income amounted to Ps 24.22 billion for the first nine months of the year, a YoY increase of 16% vs. 9M11, and was Ps 8.05 billion for the quarter, an increase of 11% vs. 3Q11, but a decrease of (2%) vs. 2Q12. Year-on-year growth in this heading can be attributed to higher loan volumes, a stable cost of funding, the merger with Ixe Grupo Financiero since 2Q11 and the acquisition of Chase's 50% stake in Ixe Tarjetas (Credit Cards), which was not part of the Group at the beginning of 1Q12. The quarter-on-quarter decrease stemmed mainly from higher technical reserves at the Annuities Company, as a consequence of a slight increase in damages at the Insurance Company. Financial revenues related only to the banks' lending activity rose by 19% vs. 9M11 and 7% vs. 2Q12 driven by a better loan ptfolio mix and a stable cost of funding. The NIM was 4.0% during 3Q12, 25 bp lower than in 2Q12, and the same level than in 3Q11; meanwhile, the NIM of loan activity increased 24 bp, rising to 7.3% in 3Q12 vs, 2Q12, though it is still 21 bp lower than in 3Q11.

- **Non Interest Income**

Non Interest Income amounted to Ps 10.65 billion in 9M12, YoY growth of 16%, driven by the absorption of Ixe's operations and more revenues from trading and loan recoveries. Non Interest Income amounted to Ps 3.44 billion for the quarter, an increase of 3% vs. 2Q12 favored by higher Other Operating Income and Trading and a decrease in Other Operating Expenses. As a result of the merger of Afore Banorte with Afore XXI, the results of Afore XXI Banorte are reported in the results of Banco Mercantil del Norte (using the equity participation method, and so the Afore's fee revenues are no longer reflected in this heading). Furthermore, comparisons of Non Interest Income with 2Q12 exclude the Ps 1.81 billion accounting effect from the sale of Banco Mercantil del Norte's credit card portfolio to Banorte Ixe-Tarjetas in 2Q12.





- **Non Interest Expense**

In 9M12 Non Interest Expense amounted to Ps 19.25 billion, increasing 17% YoY vs. the year-earlier period, due to the integration of Ixe's expenses, merger-related costs and growth in the business areas. 3Q12 expenses amounted to Ps 6.23 billion, increasing 7% vs. 3Q11, but decreasing (3%) vs. 2Q12, a reduction in this heading for a third straight quarter, driven by lower Personnel Expenses and Employee Profit-Sharing as a result of merger related synergies, as well as a reduction in Other Taxes and Non-deductible Expenses. The 9M12 Efficiency Ratio was 55.2%, a 0.5 pp increase on 9M11 and 54.2% for the third quarter, a reduction of (1.5 pp) vs. 2Q12 stemming from positive operating leverage generated during the quarter.

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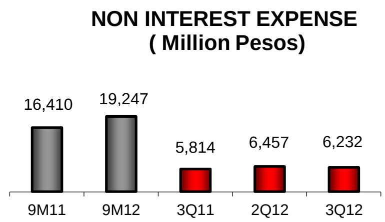
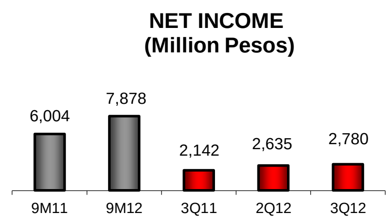
- **Provisions**

Provisions amounted to Ps 4.18 billion in 9M12, (3%) below 9M11 and to Ps 1.52 billion in 3Q12, a decrease of (8%) vs. 3Q11 but an increase of 28% vs. 2Q12. The year-on-year decrease stems from less commercial, government, mortgage, credit card and payroll loan loss provision requirements, while the decrease vs. 3Q11 can be attributed to lower commercial, corporate and credit card loan loss provision requirements due to a lower expected loss as well as provisions booked in 3Q11 related to State of Coahuila's debt restructuring. The increase in provisions vs. 2Q12 can be attributed to greater commercial, corporate, mortgage, payroll and car loan loss provision requirements. The comparisons vs. 2Q12 do not include the Ps 1.81 billion accounting effect from Banco Mercantil del Norte's sale of its credit card portfolio to Banorte Ixe Tarjetas in 2Q12.





- **Net Income**

GFNorte's reported Net Income was Ps 7.88 bn in 9M12, 31% above a year-ago due to the integration of the results of Ixe and Afore XXI Banorte, as well as less loan loss provisions. Net income came in at Ps 2.78 billion for the quarter, 30% higher than 3Q11 driven by the integration of Afore XXI Banorte and less recurring loan loss provision requirements, and is 6% above 2Q12 as a result of positive operating leverage. Net income for the last 12 months amounted to Ps 10.39 billion, 34% above the same 2011 period, and 22% above full year 2011 net income of Ps 8.52 billion.

ROE was 14.5% in 3Q12, an increase of 185 basis points on 3Q11. Return on Tangible Capital Tangible (ROTE) stood at 19.0% for the quarter, 245 basis points above 3Q11 and 44 basis points above 2Q12. 9M12 ROE was 14.1%, an increase of 12 basis points on the same year-earlier period.

Excluding some quarterly integration costs and write-downs of some deteriorated Ixe assets, recurring Net Income was Ps. 2.82 billion pesos.

Net Income excluding extraordinaries

		Change vs.	
(Million Pesos)	3Q12	2Q12	3Q11
Reported Net Income	$2,780	6%	30%
+ Integration Costs	$9		
+ Impact of Ixe's Assets	$32		
Recurring Net Income	$2,821		

Return on Tangible Equity (ROTE)

	3Q11	2Q12	3Q12
Reported ROE	12.6%	14.2%	14.5%
Goodwill / Intangibles	$16,483	$19,867	$17,238
Average Tangible Equity	$47,022	$52,670	$54,814
ROTE	16.5%	18.5%	19.0%

The Banking Sector's (Banco Mercantil del Norte, Ixe Banco and Banorte- Ixe Tarjetas) 9M12 Net Income totaled Ps 6.38 billion, and accounted for 81.0% of GFNorte's profit. ROE was 16.6%, an increase of 240 basis points on 9M11, while ROA was 1.4%, an increase of 30 basis points on the same year-earlier period.

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

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- *(Million Pesos)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Income Statement								
Net Interest Income	7,232	8,245	**8,054**	(2%)	11%	20,878	**24,222**	16%
Non Interest Income	3,564	3,344	**3,437**	3%	(4%)	9,153	**10,653**	16%
Total Income	10,795	11,589	**11,491**	(1%)	6%	30,031	**34,875**	16%
Non Interest Expense	5,814	6,457	**6,232**	(3%)	7%	16,410	**19,247**	17%
Provisions	1,650	1,186	**1,524**	28%	(8%)	4,306	**4,176**	(3%)
Operating Income	3,332	3,947	**3,736**	(5%)	12%	9,315	**11,451**	23%
Taxes	888	1,152	**806**	(30%)	(9%)	2,545	**3,098**	22%
Subsidiaries & Minority Interest	(302)	(160)	**(150)**	(6%)	(50%)	(767)	**(476)**	(38%)
Net Income	2,142	2,635	**2,780**	6%	30%	6,004	**7,878**	31%
Balance Sheet								
Asset Under Management	1,087,370	1,399,992	**1,432,109**	2%	32%	1,087,370	**1,432,109**	32%
Total Assets	805,780	889,807	**896,931**	1%	11%	805,780	**896,931**	11%
Performing Loans (a)	326,237	378,472	**389,761**	3%	19%	326,237	**389,761**	19%
Past Due Loans (b)	7,953	7,089	**7,591**	7%	(5%)	7,953	**7,591**	(5%)
Total Loans (a+b)	334,189	385,561	**397,352**	3%	19%	334,189	**397,352**	19%
Total Loans Net (d)	323,640	375,155	**386,766**	3%	20%	323,640	**386,766**	20%
Acquired Collection Rights (e)	3,887	3,136	**2,595**	(17%)	(33%)	3,887	**2,595**	(33%)
Total Loans (d+e)	327,528	378,291	**389,360**	3%	19%	327,528	**389,360**	19%
Total Liabilities	730,565	808,515	**812,413**	0%	11%	730,565	**812,413**	11%
Total Deposits	348,061	395,635	**395,531**	(0%)	14%	348,061	**395,531**	14%
Equity	75,215	81,292	**84,518**	4%	12%	75,215	**84,518**	12%

Financial Ratios GFNorte	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Profitability:								
NIM (1)	4.0%	4.2%	**4.0%**	(0.3 pp)	(0.0 pp)	4.1%	**4.1%**	(0.0 pp)
NIM after Provisions (2)	3.1%	3.6%	**3.2%**	(0.4 pp)	0.1 pp	3.3%	**3.4%**	0.1 pp
NIM adjusted w/o Insurance & Annuities	4.0%	4.0%	**4.1%**	0.1 pp	0.1 pp	3.9%	**4.1%**	0.2 pp
NIM from loan portfolio (3)	7.5%	7.1%	**7.3%**	0.2 pp	(0.2 pp)	7.7%	**7.3%**	(0.4 pp)
ROE (4)	12.6%	14.2%	**14.5%**	0.3 pp	1.8 pp	14.0%	**14.1%**	0.2 pp
ROA (5)	1.1%	1.2%	**1.3%**	0.0 pp	0.2 pp	1.1%	**1.2%**	0.1 pp
Operation:								
Efficiency Ratio (6)	53.9%	55.7%	**54.2%**	(1.5 pp)	0.4 pp	54.6%	**55.2%**	0.5 pp
Operating Efficiency Ratio (7)	2.9%	3.0%	**2.8%**	(0.2 pp)	(0.1 pp)	3.1%	**3.0%**	(0.1 pp)
Liquidity Ratio (8)	104.9%	121.2%	**118.6%**	(2.6 pp)	13.7 pp	104.9%	**118.6%**	13.7 pp
Asset Quality:								
Past Due Loan Ratio	2.4%	1.8%	**1.9%**	0.1 pp	(0.5 pp)	2.4%	**1.9%**	(0.5 pp)
Coverage Ratio	132.6%	146.8%	**139.5%**	(7.3 pp)	6.8 pp	132.6%	**139.5%**	6.8 pp
Past Due Loan Ratio w/o Banorte USA	2.3%	1.9%	**1.9%**	0.1 pp	(0.4 pp)	2.3%	**1.9%**	(0.4 pp)
Coverage Ratio w/o Banorte USA	138.7%	147.8%	**141.1%**	(6.7 pp)	2.4 pp	138.7%	**141.1%**	2.4 pp

1) NIM= Annualized Net Interest Margin / Average Earnings Assets.
2) NIM= Annualized Net Interest Margin adjusted by Loan Loss Provisions / Average Earnings Assets.
3) NIM = Annualized Net Interest Margin from loan portfolio / Average Performing Loans
4) Annualized earnings as a percentage of the average quarterly equity over the period.
5) Annualized earnings as a percentage of the average quarterly assets over the period.
6) Non Interest Expense / (Total Net Income + Loan Loss Provisions)
7) Annualized Non Interest Expense / Average Total Assets.
8) 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).

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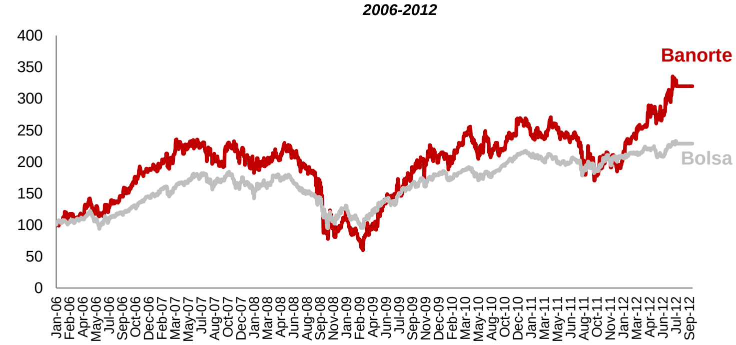
Subsidiaries Net Income *(Million Pesos)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Banking Sector	**1,706**	**2,110**	**2,200**	**4%**	**29%**	**4,820**	**6,381**	**32%**
Banco Mercantil del Norte (1) (2)	**1,555**	**1,792**	**1,852**	3%	19%	**4,549**	**5,552**	22%
Ixe Banco	**152**	**165**	**102**	(38%)	(33%)	**271**	**497**	83%
Banorte Ixe Tarjetas (4)	-	153	**246**	61%	-	-	**332**	-
Broker Dealer	**81**	**164**	**139**	**(15%)**	**72%**	**273**	**414**	**52%**
Banorte-Broker Dealer	**55**	**-**	**-**	-	(100%)	**209**	**-**	(100%)
Banorte- Ixe-Broker Dealer	**13**	**144**	**118**	(18%)	784%	**40**	**349**	764%
Ixe Fondos	**13**	**19**	**21**	7%	63%	**23**	**65**	180%
Long Term Savings	**141**	**302**	**268**	**(11%)**	**90%**	**393**	**825**	**110%**
Retirement Funds - Afore XXI Banorte (2)	41	138	**149**	8%	265%	133	**402**	202%
Insurance	83	149	**111**	(26%)	34%	249	**383**	54%
Annuities	17	15	**8**	(43%)	(52%)	11	**40**	261%
Other Finance Companies	**196**	**12**	**217**	**1671%**	**11%**	**544**	**295**	**(46%)**
Leasing and Factoring (3)	167	152	**196**	29%	17%	465	**474**	2%
Warehousing	13	8	**17**	105%	38%	32	**33**	5%
Ixe Automotriz	2	(2)	**29**	(1344%)	1074%	15	**35**	132%
Fincasa Hipotecaria	14	(145)	**(25)**	(83%)	(276%)	32	**(247)**	(871%)
Other Companies								
Ixe Soluciones	6	(69)	**(68)**	(2%)	(1295%)	(13)	**(209)**	1555%
Ixe Servicios	2	(0)	**1**	(324%)	(61%)	4	**(1)**	(121%)
G. F. Banorte (Holding)	**9**	**116**	**23**	**(80%)**	**141%**	**(16)**	**172**	**(1146%)**
Total Net Income	**2,142**	**2,635**	**2,780**	**6%**	**30%**	**6,004**	**7,878**	**31%**

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	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Earnings per share (Pesos)	0.92	1.13	**1.19**	6%	30%	2.58	**3.39**	31%
Dividend per Share (Pesos)	0.00	0.18	**0.00**	(100%)	-	0.35	**0.35**	0%
Dividend Payout (Recurring Net Income)	0.0%	18.0%	**0.0%**	(100%)	-	18.8%	**18.0%**	(4%)
Book Value per Share (1) (Pesos)	29.61	32.36	**33.62**	4%	14%	29.61	**33.62**	14%
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)	41.16	69.15	**72.76**	5%	77%	41.16	**72.76**	77%
P/BV (Times)	1.39	2.14	**2.16**	1%	56%	1.39	**2.16**	56%
Market Capitalization (Million Dollars)	6,939	11,998	**13,152**	10%	90%	6,939	**13,152**	90%
Market Capitalization (Million Pesos)	95,753	160,868	**169,266**	5%	77%	95,753	**169,266**	77%

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. October 25th, 2012. Grupo Financiero Banorte (GFNORTE) released its operating results as at the end of September 2012. GFNORTE reported a Ps 7.88 billion profit for the first nine months of the year, an increase of 31% vs. 9M11 derived from the integration of the results of Ixe and Afore XXI Banorte and lower loan loss provisions, and a profit of Ps 2.78 billion for the quarter, 30% above 3Q11 due to the integration of Afore XXI Banorte and lower recurring loan loss provision requirements; profit for the quarter increases by 6% on 2Q12 due to less operating expenses. Banco Mercantil del Norte (excluding its participation in Afore XXI Banorte) accounted for 70% of GFNORTE's first nine month profit, contributing Ps 5.55 billion, while Ixe Banco and the former IXE entities contributed Ps 490 million for the same period. Banco Mercantil del Norte contributed 67% or Ps 1.85 billion of 3Q12 consolidated profit, while Ixe Banco and the former IXE entities reported Ps 177 million.

9M12 return on equity (ROE) was 14.1%, 12 basis points above the same year-earlier period; return on assets (ROA) was 1.2%, an increase of 13 basis points vs. 9M11.

- **Deposits and Net Interest Income**

Core deposits rose by 12% year-on-year in 3Q12, mainly driven by promotional efforts in relation to Banorte's and Ixe's deposit products. Demand deposits were up by 15% year-on-year while time deposits grew 7%. As a result, core deposits grew Ps 33.43 billion, from Ps 286.24 billion in 3Q11 to Ps 319.67 billion in 3Q12. Core deposits rose 3% QoQ on the back of growth in both demand and time deposits.

9M12 net interest income totaled Ps 24.22 billion, 16% more than for the same year-earlier period. 3Q12 net interest income amounted to Ps 8.05 billion, an increase of 11% vs. 3Q11, but a decrease of (2%) vs. 2Q12 owing to more technical reserves at the Annuities business.

- **Loan Portfolio**

As at the close of 3Q12, growth in performing loans was 19% YoY, an increase of Ps 63.53 billion totaling Ps 389.76 billion. The loan portfolio registered sustained growth in almost all segments for a tenth straight quarter with the exception of government loans, as a result of bank strategies aimed at boosting loan volumes and stronger industry-wide demand for credit. The loan portfolio increased 3% for the quarter driven by robust growth rates in payroll loans and credit cards.

Commercial loans amounted to Ps 130.41 billion, or YoY growth of 12%, driven mainly by an increase in middle market company loans, leasing and factoring and a 30% YoY increase in the SME loan portfolio; commercial loans grew 3% for the quarter driven by 7% growth in SME loans, as well as higher leasing and middle market company loan volumes. **Corporate** loans totaled Ps 63.14 billion, a YoY increase of 21% and 5% QoQ, derived from stronger demand for credit in this sector. **Government** loans totaled Ps 82.29 billion as at the end of September, an increase of 30% for the year fueled by more demand for credit, but a QoQ decrease of (1%) due to a slowdown in activity as a result of changes in some government administrations, including the federal.

Consumer loans, including Mortgages were up 21% YoY. **Mortgage** loans maintained a rising trend, closing the quarter at Ps 69.68 billion, a 12% increase on 3Q11 and 3% vs. 2Q12, underscoring Banorte's market position as one of the banks with the highest growth in mortgage loans. **Payroll** loans totaled Ps 17.44 billion, increases of 44% and 10% on 3Q11 and 2Q12, respectively, driven by growth in the number of Banorte-Ixe payroll deposit clients, product marketing campaigns and efforts to boost cross selling across various channels. **Car** loans were up 12% YoY and 2% QoQ totaling Ps 10.19 billion as at the end of 3Q12 on the back of more loan placements and favorable dynamics in Mexican car sales. The **Credit Card** portfolio totaled Ps 16.36 billion as at the close of 3Q12, including as of 1Q12 100% of the Ixe Credit Card business which partially explains the 47% increase YoY, though the yearly growth, as well as the 8% increase QoQ, is mainly explained by portfolio management strategies, product marketing campaigns and cross selling to clients.

As at the end of 3Q12, the Group maintained good asset quality with a Non Performing Loan (NPL) Ratio of 1.9%, (0.5) percentage points (pp) below the 2011 year-earlier period and 10 basis points above the previous quarter, effectively consolidating it as one of the lowest ratios in the Mexican financial system. Grupo Financiero Banorte closed 3Q12 with past due loans of Ps 7.59 billion, (5%) below 3Q11 due to decreases in almost all headings (mainly mortgages and government loans) but a 7% increase vs. 2Q12 due mainly to an increase in Commercial, Payroll and Mortgage past due loans. The Group's 3Q12 loan loss reserve coverage was 139.5%, 6.8 pp above the same year-earlier quarter and 7.3 pp below 2Q12's.

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- **Efficiency**

The 9M12 Efficiency Ratio was 55.2%, 54 basis points above 9M11; it was 54.2% for the quarter, 38 basis points above 3Q11's and 148 basis points below 2Q12's. The 2Q12 accounting effect related to consumer loan purchases among GFNorte subsidiaries was reversed this quarter, which at the time impacted non interest income and was offset by an increase of the same magnitude in loan loss provisions.

- **Capitalization**

Banco Mercantil del Norte's 3Q12 Capitalization Ratio was 14.8% with a Tier 1 Ratio of 11.9%; the overall Capitalization Ratio increased 0.2 percentage points vs. 2Q12 and decreased 0.7 percentage points vs. 3Q11. This level of capitalization positions Banorte adequately to meet the new Basel III regulations in all of their components when applied.

- **Other Subsidiaries**

For the first nine months of 2012 the **Long-Term Savings Sector** comprised of Insurance, Annuities and Afore XXI Banorte contributed Ps 825 million to the Financial Group's profits, 110% more than for the same year-earlier period, while the 3Q12 contribution was Ps 238 million, a 90% increase on 3Q11, but (11%) below 2Q12. The solid yearly growth rates were both due to the inclusion of Afore XXI and better business dynamics at the Insurance Company. The decrease vs. 2Q12 was on the back of on the back of lower sales levels at the Insurance company and a higher technical reserve requirement in the annuities company.

Other Finance Companies, comprised of Arrendadora y Factor Banorte (Leasing and Factoring), Warehousing, Ixe Automotriz and Fincasa Hipotecaria, recorded a 9M12 profit of Ps 295 million, a YoY decrease of (46%) owing to losses recorded by Fincasa Hipotecaria, which was offset by a Ps 474 million profit at Arrendadora y Factor Banorte, while profit for the quarter was Ps 217 million, driven by Arrendadora y Factoraje and smaller losses at Fincasa Hipotecaria.

The **Brokerage Sector**, comprised of Casa de Bolsa Banorte Ixe and Ixe Fondos, reported a first-nine-month profit of Ps 414 million, or YoY growth of 52%, and a Ps 139 million profit for the quarter, an increase of 72% on 3Q11 but a decrease of (15%) on 2Q12.

In 2Q12, Banorte - Ixe Tarjetas acquired the Credit Card portfolio that was previously managed by Banco Mercantil del Norte; the consolidated profits of the SOFOM for the first nine month are Ps 332 million and Ps 246 million for the quarter.

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

RECENT EVENTS

- **Passing away of Roberto González Barrera.**

GFNORTE informed about the passing away of its largest shareholder and Chairman Emeritus, Don Roberto Gonzalez Barrera on August 25th. Mr. Gonzalez, who acquired Banco Mercantil del Norte during the banking privatization of 1992 with a group of investors from Monterrey, was the architect of the leading institution that Grupo Financiero Banorte has become. As a result of his leadership, Banorte transformed from a regional bank into the third most important Financial Group in Mexico

Mr. Roberto's succession remains as the main shareholder of GFNORTE with 14.83% of the Group's shares, while the float is currently 81.44%, distributed among more than 3,500 investors. Mr. Gonzalez' succession plan was designed with careful planning and full anticipation, showing a responsible and institutional vision, setting an example for top Corporate Governance standards for the main Mexican and Latin American Companies. With full anticipation and opportunity, Mr. Gonzalez Barrera implemented the necessary mechanisms to ensure continuity in exercising the patrimonial and corporate rights of his shares after passing away, guaranteeing certainty and strategic continuity in the Financial Group.

- **Inauguration of Roberto González Barrera's Call Center**

Last September 4th, the Call Center named after Roberto González Barrera was opened in Monterrey, Nuevo León, as a permanent and deserved homage to GFNorte's founder. This call center aims to consolidate 14 call centers throughout the country, obtaining important synergies. With a $620 million investment and more than 131 thousand square feet, this Call Center will serve Banorte and Ixe's 11 million clients through 1,700 specialized officers, mainly college students, through innovative technological platforms and security systems; moreover, this building reflects Banorte's environmental concern, aiming to operate with maximum energetic efficiency and water consumption savings.

- **Grupo Financiero Banorte and the United Nations Global Compact**

Recently the document “Our Commitment to the United Nations Global Compact” was published, which is an international initiative that aims to integrate ten principles, in the areas of Human Rights, Labor, Environment and Anti-Corruption into organizational business strategy and operations.

Along the Annual Report, this declaration serves as the first official Communication on Progress (CoP). Both efforts come along the sustainable philosophy on which GFNORTE develops: ensure at all times, a balanced development between the financial, economic, social and environmental aspects inherent to the operations. This document can be consulted on the following website:
http://www.banorte.com/portal/personas/informacion.web?grupo=14&elemento=67&fullSite=true

- **“Galardón PyME 2012”**

On August 9th, the Ministry of Economy awarded Banorte the “Galardón PyME 2012” (SMEs Award 2012) for the third time, and for two years in a row, for being the financial intermediary which granted more credits to SMEs in the country through government programs. Banorte channeled resources to SMEs throughout the Guarantee Program “Mexico Emprende”, reaching a loan portfolio of $24 billion pesos. The federal entity considered Banorte's active participation in sectorial programs such as “Apoyo a la Industria de la Construcción” (Support to the Construction Industry) and “Nuevos Emprendedores” (New Entrepreneurs), as well as the support granted to tourism and employment, in which Banorte offered competitive interest rates, while also being a key player in implementing of emerging programs to economically reactivate companies affected by natural disasters.

Banorte counts with more than 1,700 specialized officers in the SME segment distributed throughout the country, working in the branch network and in exclusive offices dedicated to serve these Mexican enterprise’s needs in a timely manner. With an expertise of 15 years attending SMEs, the “Galardón PyME 2012” reinforces Banorte’s commitment to consolidate a long term relationship with its customers, consolidating itself as the leading SME bank in Mexico

- **The Banker. “Top 1,000 World Banks Ranking 2012”.**

In August, The Banker published the Top 1,000 World Banks Rankings, in which Banorte was ranked: #271 by Tier 1 Capital: #65 by the Earnings to Tier 1 ratio; #218 by assets; #264 by ROA and #799 by Leverage.

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

On September 27th, 2012, Institutional Investor magazine announced the rankings of the "Best Latin America Executive Team 2012", which were determined through a survey applied to 700 sell-side analysts and buy-side analysts & portfolio managers. For a third year in a row, Banorte's Executive and Investor Relations Team were ranked in the first places among Mexican companies and Latin American banks. Alejandro Valenzuela, Grupo Financiero Banorte's CEO, was ranked as number one in Mexico by sell-side analysts; number two by the buy-side and the third in Latin America. Rafael Arana, GFNorte's CFO, was ranked fifth by sell-side and seventh by buy-side in the regional survey, with less than one year working at the institution. David Suarez, Head of IR at GFNorte, was ranked as the best IR Professional in Latam and Mexico by the sell-side, first by the buy-side in Mexico and second in Latin America. The analysts considered the Investor Relations Team as the number two ranked in Latin America by sell-side; and first place in Mexico by the buy and sell-side. Regionally, the study considers approximately 30 financial institutions such as Itaú, Bradesco, Banco Do Brasil, Santander Brasil, Santander Chile, Banco de Crédito de Perú, among others. In Mexico, the survey includes more than 60 issuers.

- **Shareholders' Meeting**

On October 11th, Grupo Financiero Banorte's Ordinary General Shareholders' Meeting was held, with an 89.80% representation of the total subscribed and paid shares of the Company's capital. Some of the agreements reached at the Meeting were:

✓ Approval to distribute a cash dividend of Ps. $ 0.183 per share, against delivery of coupon No. 5, derived from the retained earnings of previous years, being paid on October 24th, 2012. This dividend corresponds to the first of four payments that will be made for a total amount of Ps $ 0.732 per share, which was approved by the Group's Board of Directors last July 26th, 2012. The Board of Directors proposed additional dividends for a total amount of Ps. $0.549 per share, to be covered in three installments of Ps. $0.183 in January, April and July 2013, respectively. The total amount of the dividend to be paid represents 20% of the recurring profits of 2011 and the payout was determined according the new dividend policy approved on October 2011, which establishes a payment of the 20% of recurring net income in the event that annual profit growth is greater than 20%.

- **Grupo Financiero Banorte continues to evaluate growth options to consolidate its leading position in the Mexican Financial System.**

Last September 4th, GFNORTE informed to the investment public that it is analyzing different strategic alternatives to strengthen its leading position as one of the most important institutions in the Mexican Financial System. In 2011, GFNORTE merged with Ixe Grupo Financiero and Afore XXI, enabling the Financial Group to become one of the leading institutions in premium & wholesale banking, and one of the most important managers of retirement funds in Mexico. In this regard, GFNORTE continues to explore alternatives to generate greater scale in the Afore and Annuities sectors. If a sale of BBVA Bancomer's assets occurs in these segments, as was announced publicly by BBVA Group, GFNORTE would be interested in evaluating an acquisition of these businesses, as long as it is carried out at an adequate price that generates value to Grupo Financiero Banorte's shareholders.

- **Banorte and Ixe Credit Ratings.**

<u>S&P changes Banco Mercantil del Norte's and Ixe Banco´s outlook to "Positive" from "Stable".</u>

Last August 31st, GFNORTE informed that Standard & Poor's changed Banco Mercantil del Norte's outlook to "Positive" from "Stable", ratifying at the same time the Long & Short Term Global Scale ratings at 'BBB-/A-3'„ and introducing the Long & Short Term National Scale ratings of 'mxAA+/ mxA-1+'. The outlook revision is a result of the improvement in Banco Mercantil del Norte's risk position, particularly in its loan portfolio to states and municipalities, as well as the expectation that the bank will continue improving its risk diversification and maintain adequate capitalization levels. S&P ratified the ratings for Banco Mercantil del Norte's Senior Unsecured Debt at 'BBB-' and Certificates of Deposit (CDs) at 'BBB-/A-3'.

On the back of the strategic importance that Ixe Banco S.A. has within Grupo Financiero Banorte and the close correlation with Banco Mercantil del Norte, S&P also changed its outlook to "Positive" from "Stable", ratifying the Long & Short Term Global Scale ratings at 'BBB-/A-3', Long & Short Term National Scale ratings at "mxAA+/mxA-1+" and Certificates of Deposit (CDs) ratings at 'BBB-/A-3'. S&P maintained IXE Automotriz' and Fincasa Hipotecaria's ratings unchanged with a "Stable" outlook.

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

Moody's affirms the ratings for Banorte and Arrendadora & Factor (leasing and factoring); assigns ratings to Ixe Banco and Banorte-Ixe Broker Dealer.

Last September 7th, 2012, GFNORTE informed that Moody's ratified all the ratings assigned to Banco Mercantil del Norte with a "Stable" outlook, also affirming the "C-" standalone Bank Financial Strength Rating (BFSR). The ratings consider the bank's franchise value, which has enabled Banorte to win market share in loans and deposits, while also achieving profitability, asset quality and adequate capitalization levels. The following ratings were ratified:

> i) On the Global Scale, the Long and Short Term local currency deposits and senior debt as "A3/Prime-2" and the Long and Short Term foreign currency deposits as "Baa1/Prime-2"; the local currency subordinated debt as "Baa1"; the foreign currency subordinated debt assigned to subordinated cumulative foreign currency debt as "Baa1"; the local currency rating assigned to junior cumulative subordinated debt as "Baa2" and the foreign currency non-cumulative subordinated debt as "Ba1".
>
> ii) On the National Scale, the Long and Short Term deposits and senior debt as "Aaa.mx/ MX-1", the subordinated debt as "Aaa.mx" and the junior subordinated debt as "Aa1.mx".

For Arrendadora and Factor Banorte S.A. (Leasing and Factoring Company) the ratings affirmed were: i) Global Scale, "A3 / Prime-2" Long and Short Term local currency issuer ratings; and "(P)A3" and "(P)Prime-2" Long and Short term local currency senior debt ratings; ii) National Scale, Aaa.mx" and "MX-1" Long and Short Term issuer ratings; "Aaa.mx" and "MX-1" on the Long and Short Term senior debt. The outlook is "Stable".

Moody's assigned the following ratings to Ixe Banco S.A.: i) "D+" standalone Bank Financial Strength Rating; ii) Global Scale,"Baa1/Prime-2" Long and Short term local currency deposit ratings; "Baa1/Prime-2" Long and Short term foreign currency deposit ratings: iii) National Scale, "Aaa.mx/MX-1" Long and Short term foreign currency deposit ratings. The outlook of all the ratings is "Stable".

In the case of Casa de Bolsa Banorte Ixe S.A. (Broker Dealer), Moody's assigned Global Scale ratings of "Baa1/Prime-2" Long and Short term local currency issuer, and on a National Scale "of Aaa.mx/MX-1" Long and Short term issuer ratings. The ratings' outlook is "Stable".

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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Interest Income	13,174	14,939	**15,598**	4%	18%	36,652	**44,572**	22%
Insurance and Annuities-Interest Income	485	502	**578**	15%	19%	1,300	**1,630**	25%
Interest Expense	6,565	7,767	**8,023**	3%	22%	17,835	**22,459**	26%
Insurance and Annuities-Interest Expense	(8)	(14)	**(0)**	(98%)	(96%)	-	**2**	-
Premium Income (Net)	3,706	3,814	**3,823**	0%	3%	11,253	**11,896**	6%
Net Increase in Technical Reserves	2,080	1,381	**2,010**	46%	(3%)	6,315	**6,028**	(5%)
Damages, Claims and Other Obligations	1,711	2,068	**2,131**	3%	25%	4,686	**6,032**	29%
Loan Origination Fees	261	252	**285**	13%	9%	634	**821**	30%
Fees Paid	48	60	**67**	11%	41%	124	**177**	42%
Net Interest Income	**7,232**	**8,245**	**8,054**	**(2%)**	**11%**	**20,878**	**24,222**	**16%**
Provisions	1,650	1,186	**1,524**	28%	(8%)	4,306	**4,176**	(3%)
Net Interest Income Adjusted for Credit Risk	**5,582**	**7,059**	**6,530**	**(7%)**	**17%**	**16,572**	**20,046**	**21%**
Average Interest Earning Assets	720,040	776,406	**805,884**	4%	12%	672,986	**780,837**	16%
Net Interest Margin (1)	4.0%	4.2%	**4.0%**	(0.3 pp)	(0.0 pp)	4.1%	**4.1%**	(0.0 pp)
NIM after Provisions (2)	3.1%	3.6%	**3.2%**	(0.4 pp)	0.1 pp	3.3%	**3.4%**	0.1 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, the following results for those companies are shown in Net Interest Income:

Millon Pesos	3Q11	2Q12	3Q12	Var. Vs. 2Q12	Var. Vs. 3Q11	9M11	9M12	Var. Vs. 9M11
Interest Income	485	502	**578**	15%	19%	1,300	**1,630**	25%
Premiums' Income (net)	3,706	3,814	**3,823**	0%	3%	11,253	**11,896**	6%
- Interest Expense	(8)	(14)	**(0)**	(98%)	(96%)	-	**2**	-
- Net increase in technical reserves	2,080	1,381	**2,010**	46%	(3%)	6,315	**6,028**	(5%)
- Damages, claims and others	1,711	2,068	**2,131**	3%	25%	4,686	**6,032**	29%
Net Result	409	881	**261**	(70%)	(36%)	1,552	**1,464**	(6%)

9M12 Net Interest Income (NII) grew 16% YoY from Ps 20.88 billion to Ps 24.22 billion as a result of a 19% increase in net financial income and origination fees following the merger with Ixe Grupo Financiero, growth in performing loans of 20%, especially in products with greater impact in NII, such as Payroll, Credit Card, SMEs and Mortgage loans, and a stable cost of funding derived from 12% YoY growth in core deposits.

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

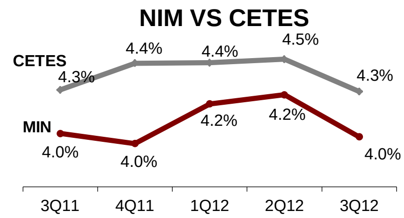
NII grew 11% YoY in 3Q12 totaling Ps 8.05 billion, mainly on the back of more loan placements in segments with higher margins, including the consolidation of Ixe Tarjetas and a stable cost of funding, NII decreased (2%) vs. 2Q12, due mainly to more technical reserves at the Annuities company, expenses that resulted higher than the 4% growth in interest income which was driven from a strong increase in Credit Card and Payroll loans.

Excluding the Insurance and Annuities companies, NII posted growth of 18% vs.9M11, and YoY and QoQ growth of 14% and 6%, respectively.

NII related only to loan activity increased 17% vs. 3Q11 and 7% vs. 2Q12.

The 9M12 average Net Interest Margin (NIM) was 4.1%, flat vs. the year-earlier period, as Average Productive Assets recorded similar growth rates to Net Interest Income. The average NIM was 4.0% for the quarter, flat vs. the year-earlier quarter and (0.3 pp) below 2Q12, owing to the negative effect of the results of the Insurance and Annuities companies. Excluding them, the 3Q12 NIM is 4.1%, an increase of 10 basis points vs. 2Q12 and 3Q11. NIM related to loan activity was 7.3% during 9M12 and 3Q12, increasing by 24 basis points vs. 2Q12, although it is still 21 basis points lower compared to 3Q11 and 42 basis points less vs. 9M11.

The Banking Sector's NIM increased from 4.1% in 3Q11 to 4.5% in 3Q12, and flat vs. 2Q12, and rises by 34 basis points between 9M11 and 9M12 to 4.4%.



- **Provisions**

In 9M12 provisions charged to results totaled Ps 4.18 billion, (3%) below 9M11 and amounted to Ps 1.52 billion in 3Q12, representing a decrease of (8%) vs. 3Q11, but an increase of 28% vs. 2Q12. Lower provisions vs. 9M11 result from lower commercial, government, mortgage, credit card and payroll loan loss provision requirements due to a reduction in expected losses as well as extraordinary loan loss provisions booked in 3Q11 related to the State of Coahuila's debt restructuring. The increase on 2Q12 stems from a bigger commercial, corporate, mortgage, payroll and car loan loss provision requirement. Furthermore, comparisons with 2Q12 do not consider the Ps 1.81 billion accounting impact from the application of accounting criteria derived from the purchase of credit card loans in 2Q12.

The average NIM adjusted for Credit Risks was 3.4% in 9M12 and 3.2% in 3Q12, an increase of 0.1pp vs. the same year-earlier periods, attributed to lower provisions. The NIM decreased (0.4 pp) vs. 2Q12 as a result of more provisions recorded in the quarter.

Loan loss provisions represented 17.2% of 9M12 Net Interest Income and 18.9% of 3Q12 Net Interest Income, comparing favorably with 20.6% in 9M11 and 22.8% in 3Q11, but increased 4.5 pp vs. 2Q12.

Annualized loan loss provisions for 9M12 accounted for 1.5% of the average loan portfolio and 1.6% for the quarter, resulting in a YoY decrease of (0.5 pp) vs. 9M11 and 3Q11, but an increase of 0.3 pp on 2Q12.

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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Services	1,796	1,796	**1,530**	(15%)	(15%)	5,005	**4,877**	(3%)
Recovery	260	337	**322**	(5%)	24%	764	**1,017**	33%
Trading	859	896	**1,024**	14%	19%	1,595	**3,102**	95%
Other Operating Income (Expense)	649	316	**562**	78%	(13%)	1,789	**1,657**	(7%)
Non Interest Income	**3,564**	**3,344**	**3,437**	**3%**	**(4%)**	**9,153**	**10,653**	**16%**

Non Interest Income (Million Pesos)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Fees Charged on Services	**2,784**	**2,856**	**2,806**	**(2%)**	**1%**	**7,859**	**8,428**	**7%**
Fees for Commercial and Mortgage Loans	17	12	**6**	(50%)	(64%)	33	**31**	(7%)
Fund Transfers	108	124	**123**	(1%)	13%	305	**358**	18%
Account Management Fees	314	309	**306**	(1%)	(2%)	848	**915**	8%
Fiduciary	80	93	**86**	(8%)	7%	236	**263**	11%
Income from Real Estate Portfolios	260	337	**322**	(5%)	24%	764	**1,017**	33%
Electronic Banking Services	616	807	**840**	4%	36%	1,760	**2,429**	38%
For Consumer and Credit Card Loans	357	534	**506**	(5%)	42%	1,036	**1,509**	46%
Fees from IPAB (1)	-	-	**-**	-	-	-	**-**	-
Fees charged by Afore	351	-	**-**	-	(100%)	980	**-**	(100%)
Other Fees Charged (2)	681	639	**618**	(3%)	(9%)	1,896	**1,906**	1%
Fees Paid on Services	**728**	**723**	**954**	**32%**	**31%**	**2,090**	**2,534**	**21%**
Fund transfers	9	11	**10**	(4%)	19%	27	**33**	20%
Other Fees Paid	719	712	**944**	33%	31%	2,062	**2,501**	21%
Expenses from Real Estate Portfolios	-	-	**-**	-	-	-	**-**	-
Net Fees	**2,056**	**2,133**	**1,852**	**(13%)**	**(10%)**	**5,769**	**5,894**	**2%**
Trading Income	**859**	**896**	**1,024**	**14%**	**19%**	**1,595**	**3,102**	**95%**
Subtotal Other Operating Income (Expenses) (3)	306	163	**234**	43%	(24%)	903	**857**	(5%)
Non Operating Income (Expense), net (4)	207	(21)	**159**	(874%)	(23%)	513	**334**	(35%)
Other Operating Income (Expense) from Insurance and Annuities (5)	136	173	**169**	(2%)	25%	373	**467**	25%
Other Operating Income (Expenses)	**649**	**316**	**562**	**78%**	**(13%)**	**1,789**	**1,657**	**(7%)**
Non Interest Income	**3,564**	**3,344**	**3,437**	**3%**	**(4%)**	**9,153**	**10,653**	**16%**

1) Includes Fees received by asset recovery services from IPAB.
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 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)".

In 9M12, Non Interest Income amounted to Ps 10.65 billion, a YoY increase of 16% due to the integration of Ixe's operations and more income from Trading and Recoveries.

Non Interest Income amounted to Ps 3.44 billion for the quarter, 3% more than in 2Q12, driven by an increase in Other Operating Income and Trading Income; however, it decreased (4%) vs. 3Q11 owing to lower revenue from Fees and Other Operating Income. Taking into account revenues generated by Afore XXI Banorte in these results, Non Interest Income for the first nine months of the year grew 28% vs. 9M11, 7% vs. 3Q11 and 3% vs. 2Q12.

- **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). 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.

For comparative purposes with previous years, fees charged by Afore XXI Banorte in 9M12 amounted to Ps 2.19 billion and Ps 776 million in 3Q12, 50% of which corresponded to Banorte. These figures represent a YoY increase of 6% vs. 9M11 and 5% vs. 3Q11; growth vs. 2Q12 was 8%.

Service Fees amounted to Ps 4.88 billion in 9M12, a YoY decrease of (3%), mainly because of reporting the Afore results under equity participation method, which offset the following annual increases achieved on the back of better business dynamics: i) 38% growth in electronic banking fees driven by growth in the number of users and a bigger business volume, reversing the 2011 negative impact of new rules for charging ATM usage and the regulation of other fees, ii) a 46% increase in Consumer and Credit Card fees driven by expansion in the credit card portfolio and client transactions, iii) 8% increase in Account Management fees on more accounts; v) 18% growth in fund transfer revenues; and vi) increases in Other Fees charged on higher Banorte-Ixe business volumes, mainly in the area of Wholesale Banking and the Fiduciary business. As a result of the same business dynamics, Fees Paid rose by 21% 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 Ixe Tarjetas. Service fees would have grown 18% vs. 9M11 if the Afore's fees had been recorded based on Banco Mercantil's participation.

Service Fees amounted to Ps 1.53 billion in 3Q12, (15%) below 3Q11 and 2Q12 levels. The decrease vs. 3Q11 occurred mainly because fee revenue from the Afore business are no longer reported as Non Interest Income, a 31% increase in Fees Paid and a (9%) decrease in Other fees Charged, which negatively offset an increase of 36% in electronic banking fees, 42% in Consumer and Credit Card and 13% in fund transfer and fiduciary fees. Service Fees would have grown 5% vs. 3Q11 if the Afore's fees had been recorded based on Banco Mercantil's percentage participation.

The decrease compared to the previous quarter can be attributed to a 32% or Ps 231 million increasein Fees for services paid, mainly due to more premiums sold at the Insurance and Annuities Companies, and to a (5%) decrease in Consumer and Credit Card fees as a consequence of recognizing in advance during 2Q12 Ps 145 million in annual fees of the credit card portfolio sold to the SOFOM (normalizing for this effect, Consumer and Credit Card Loans fees would have increased 6% QoQ), as well as decline in Other Fees Charged, commercial and mortgage loan origination fees and fiduciary business. If fees charged by the Afore had been included, the quarterly reduction in fees would have been lower.

- **Recoveries**

Non Interest Income from Recoveries (including previously written-off proprietary loans and foreclosed assets classified under "Other Operating Income (Expenses)" rose 7% YoY vs. 9M11 due to an increase of 33% in the recovery of real estate portfolios, which include income related to investment projects, mainly with homebuilders; however, income from acquired portfolio recoveries decreased (16%) and income from previously written-off proprietary loans (6%).

Recoveries rose 10% QoQ vs. 3Q11 due to a 24% increase in income from real estate portfolios, as well as a combined increase of 3% in income from previously written-off loans and foreclosed assets, which offset a (3%) decline in income from acquired portfolio recoveries. Overall recoveries these increase 8% vs. 2Q12 due to greater acquired portfolio recoveries.

As at 3Q12, the amount invested in projects was Ps 7.36 billion, an increase of 6% vs. 2Q12 and 13% vs. 3Q11.

- **Trading**

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

In 9M12 trading income amounted to Ps 3.10 billion, rising 95% YoY driven by the integration of the results of IXE's subsidiaries and the positive impact of: i) the valuation of securities in the Annuities Company and Banorte, ii) securities and derivatives results; and iii) foreign exchange results.

Trading income amounted to Ps 1.02 billion for the quarter, growth of 19% vs. 3Q11 and 14% vs. 2Q12, mainly due to a positive market valuation impact of securities at the Annuities Company.

- **Other Operating Income and Expenses**

Other Operating Income (Expenses) (3)	3Q11	2Q12	3Q12	Change		9M11	9M12	Change
(Million Pesos)				QoQ	YoY			9M11
Subtotal Other Operating Income (Expenses)	**306**	**163**	**234**	**43%**	**(24%)**	**903**	**857**	**(5%)**
Loan Recovery	243	326	**278**	(15%)	15%	835	**893**	7%
Income from purchased assets	10	(23)	**(18)**	(19%)	(278%)	66	**(45)**	(168%)
Other Operating Income	80	(100)	**(16)**	(84%)	(120%)	82	**77**	(7%)
Other Operating Income (Expense)	(27)	(40)	**(10)**	(75%)	(63%)	(81)	**(68)**	(16%)
Non Operating Income (Expense), net	**207**	**(21)**	**159**	**(874%)**	**(23%)**	**513**	**334**	**(35%)**
Other Products	299	413	**439**	6%	47%	766	**1,166**	52%
Other Recoveries	107	(8)	**103**	(1366%)	(3%)	319	**269**	(16%)
Other (Expenses)	(198)	(425)	**(383)**	(10%)	93%	(573)	**(1,102)**	92%
Other Operating Income (Expense) from Insurance and Annuities	**136**	**173**	**169**	**(2%)**	**25%**	**373**	**467**	**25%**
Other Operating Income (Expenses)	**649**	**316**	**562**	**78%**	**(13%)**	**1,789**	**1,657**	**(7%)**

As a result of applying 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.

In 9M12, Other Operating Income (Expense) amounted to Ps 1.66 billion, a YoY decrease of (7%), owing mainly to lower income from recoveries of previously written-off proprietary loans and acquired portfolios, which were not offset by a 25% increase in revenues from the insurance and annuities companies. Compared to 3Q11, Other Operating Income (Expense) decreased (13%) on the back of higher expenses related to write downs at Fincasa Hipotecaria.

Other Operating Income (Expense) for the quarter amounted to Ps 562 million, rising 78% vs. 2Q12, mainly as a result of an increase in acquired portfolio recoveries and a reduction in reversals of excess loan loss provisions.

- **Non Interest Expense**

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

Non Interest Expense (Million Pesos)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Personnel	2,289	2,540	**2,334**	(8%)	2%	6,530	**7,688**	18%
Professional Fees	555	713	**714**	0%	29%	1,600	**2,059**	29%
Administrative and Promotional	1,276	1,362	**1,462**	7%	15%	3,500	**3,995**	14%
Rents, Depreciation & Amortization	796	756	**774**	2%	(3%)	2,136	**2,259**	6%
Taxes other than income tax & non deductible expenses	339	377	**354**	(6%)	4%	978	**1,258**	29%
Contributions to IPAB	342	395	**409**	4%	19%	977	**1,182**	21%
Employee Profit Sharing (PTU) (1)	217	314	**185**	(41%)	(15%)	689	**806**	17%
Non Interest Expense	**5,814**	**6,457**	**6,232**	**(3%)**	**7%**	**16,410**	**19,247**	**17%**

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 19.25 billion in 9M12, an increase of 17% YoY vs. 9M11, mainly due to the integration of Ixe and merger-related expenses, as well as growth in business areas. The increase occurred in all headings, in particular: i) Ps 1.16 billion in Personnel Expenses (+18%) due to integration of Ixe personnel, growth in business areas and in compensation; ii) Ps 495 million in Administration and Promotional Expenses (+14%), on the back of higher operating costs due to an increase in credit and debit card transactions and greater reserves for the rewards program, as well as expenses related to cash movement due to more ATMs and bigger transaction volumes, the payment of insurance linked to the placement of mortgage and payroll loans, and an increase in current expenses due to a larger branch and ATM network; iii) Ps 459 million in Professional Fees (+29%) due to more advisory services and operations related to the business, as well as legal fees associated to loan recoveries; iv) Ps 279 million in Other taxes and Non Deductible Expenses (+29%), mainly in VAT, due to higher current expenses and investments that generate VAT, as well as a decline in the VAT accreditation factor; v) Ps 205 million in contributions to IPAB (+21%); vi) Ps 123 million in Rents, Depreciations and Amortizations (+6%) due to investments in new furniture in buildings (like the Call Center), computer and software equipment and recognition of the depreciation of finished constructions and the amortization of projects capitalized in the Banorte-Ixe merger, higher office rents due to the effect of inflation, and finally growth in the bank network.

Expenses amounted to Ps 6.23 billion in 3Q12, growth of 7% vs. 3Q11 owing to increases in almost all headings derived from the merger with Ixe. Non Interest Expense decreased (3%) vs. 2Q12, declining for a third straight quarter, mainly as a result of a Ps 206 million reduction in Personnel Expenses (-8%) arising from synergies obtained during the merger process and a Ps 129 million reduction in Employee Profit-Sharing (-41%) generated by the transition to a formula based on productivity and solidarity; likewise, Other taxes and Non Deductible Expenses decreased by Ps 23 million (-6%), offsetting an increase in Administrative and Promotional Expenses, on better business dynamics in the Group's subsidiaries.

The 9M12 Efficiency Ratio was 55.2%, 0.5 pp above 9M11's and 54.2% in 3Q12, a reduction of (1.5 pp) vs. 2Q12 resulting from positive operating leverage during the quarter.

- **Taxes**

Income tax for the first nine months of the year amounted to Ps 3.10 billion, a YoY increase of 22% due to a higher profit base for calculating taxes and an increase in deferred taxes. Taxes for the quarter amounted to Ps 806 million, (9%) lower YoY vs. 3Q11 and (30%) lower QoQ vs. 2Q12, driven by the deductibility of loan loss reserves and a lower profit base. The 3Q12 effective tax and Profit-Sharing rate was 25.3%, below 2Q12's 34.4% and 3Q11's 31.1%. The 9M12 effective tax rate was 31.9%, 0.4 pp below the same year-earlier period's 32.3%.

- **Subsidiaries and Minority Interest**

In 9M12, subsidiaries and minority interest was ($476) million, better than the ($767) million registered in 9M11 derived from an improvement in profit levels at Subsidiaries following 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.

3Q12's ($150) million result is favorable compared to 2Q12's ($160) million and 3Q11's ($302) million, and can be attributed to the positive impact of applying profits of $160 million from the Afore, which offset an increase in minority interest at Banco Mercantil del Norte.

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

- **Net Income**

GFNorte's net income was Ps $7.88 billion for the first nine months of the year, 31% above the same year- earlier period as a result of the integration of the results of Ixe and Afore XXI Banorte, as well as lower provisions. Net income was Ps 2.78 billion in 3Q12, 30% above 3Q11 due to the integration of Afore XXI Banorte and less recurring loan loss provision requirements, and 6% above 2Q12, on the back of positive operating leverage. Profit for the last 12 months amounted to Ps 10.39 billion, 34% above the same 2011 period and 22% above 2011 profit of Ps 8.52 billion.

3Q12 ROE was 14.5%, an increase of 185 basis points on 3Q11. Return on Tangible Equity (ROTE) was 19.0% in 3Q12, 245 basis points above 3Q11 and 44 basis points above 2Q12. 9M12 ROE was 14.1%, an increase of 12 basis points vs. the same year-earlier period.

Excluding some quarterly integration costs, and write-downs of Ixe's deteriorated assets in 3Q12, recurring Net Income was Ps. 2.82 billion pesos

Net Income excluding extraordinaries

		Change vs.	
(Million Pesos)	3Q12	2Q12	3Q11
Reported Net Income	$2,780	6%	30%
+ Integration Costs	$9		
+ Impact of Ixe's Assets	$32		
Recurring Net Income	$2,821		

Return on Tangible Equity (ROTE)

	3Q11	2Q12	3Q12
Reported ROE	12.6%	14.2%	14.5%
Goodwill / Intangibles	$16,483	$19,867	$17,238
Average Tangible Equity	$47,022	$52,670	$54,814
ROTE	16.5%	18.5%	19.0%

The Banking Sector's (Banco Mercantil del Norte, Ixe Banco and Banorte-Ixe Tarjetas) 9M12 Net Income amounted to Ps 6.38 billion and contributed 81.0% of GFNorte's total profits. ROE was 16.6%, an increase of 240 basis points on 9M11 and ROA was 1.4%, a rise of 30 basis points vs. the same year-earlier period.

- **Capitalization**

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

Banco Mercantil del Norte

Capitalization *(Million Pesos)*	**3Q11**	**4Q11**	**1Q12**	**2Q12**	**3Q12**	**Change** QoQ	YoY
Tier 1 Capital	42,597	42,003	43,965	43,975	45,823	4%	8%
Tier 2 Capital	13,969	8,366	8,122	11,544	11,393	(1%)	(18%)
Net Capital	56,566	50,369	52,087	55,519	57,216	3%	1%
Credit Risk Assets	255,255	270,972	275,232	280,610	287,883	3%	13%
Net Capital / Credit Risk Assets	22.2%	18.6%	18.9%	19.8%	19.9%	0.1 pp	(2.3 pp)
Total Risk Assets (1)	363,323	390,312	378,828	378,332	385,749	2%	6%
Tier 1	11.72%	10.76%	11.61%	11.62%	11.88%	0.3 pp	0.2 pp
Tier 2	3.84%	2.14%	2.14%	3.05%	2.95%	(0.1 pp)	(0.9 pp)
Capitalization Ratio	15.57%	12.90%	13.75%	14.67%	14.83%	0.2 pp	(0.7 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 3Q12 Banorte's Capitalization Ratio (CR) was 14.83% considering credit, market and operational risk and 19.9% if only credit risks are considered. The Tier 1 ratio was 11.88% and Tier 2 was 2.95%.

The Capitalization Ratio rose 0.2 pp versus 2Q12 due to the following effects:

1. Reinvestment of profits generated in 3Q12: + 0.6 pp
2. Growth in risk assets during this period: - 0.3 pp
3. Impact from securitizations: - 0.1 pp

On an annual basis the 3Q12 Capitalization Ratio was (0.7) pp below 3Q11 due to:

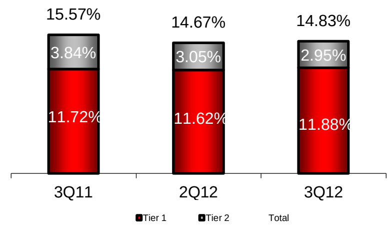
1. Profits generated between 3Q11 and 3Q12: + 2.2 pp
2. Subordinated Notes' Issuance (TIER 2, Jun-12): + 0.8 pp
3. Dividends received from Afore XXI Banorte (Dec-11, May-12): + 0.2 pp
4. Growth in risk assets during this period: - 0.9 pp
5. Prepayment of Subordinated Notes (Oct-11): - 1.2 pp
6. Afore XXI Investment (Dec-11): - 0.8 pp
7. Banorte - IXE Tarjetas' Investment (Jan-12, Apr-12): - 0.7 pp
8. FX impact on Subordinated Notes: - 0.3 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

CAPITALIZATION RATIO



Ixe Banco

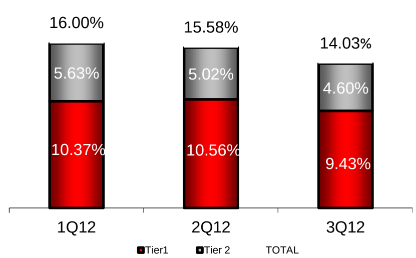
Capitalization (Million Pesos)	1Q12	2Q12	3Q12
Tier 1 Capital	4,798	5,551	5,209
Tier 2 Capital	2,603	2,644	2,541
Net Capital	**$7,401**	**$8,195**	**$7,750**
Credit Risk Assets	31,963	35,153	36,316
Market and Operational Risk Assets	14,291	17,435	18,912
Total Risk Assets (1)	**$46,254**	**$52,588**	**$55,228**
Net Capital / Credit Risk Assets	23.15%	23.31%	21.34%
Tier 1	10.37%	10.56%	9.43%
Tier 2	5.63%	5.02%	4.60%
Capitalization Ratio	**16.00%**	**15.58%**	**14.03%**

As at the close of 3Q12 the Capitalization Ratio was 14.03% considering market, credit and operation risks and 21.34% considering only credit risks. The Tier 1 ratio was 9.43% and Tier 2 was 4.60%.

Compared to 2Q12 the Capitalization Ratio decreased by (1.55) pp due to the following effects:

1. Reinvestment of profits generated in 3Q12: + 0.2 pp
2. FX impact on Subordinated Notes: - 0.2 pp
3. Increase in risk assets: - 0.7 pp
4. Increase in Investments: - 0.8 pp

% CAPITALIZATION



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)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY
Non Interest Bearing Demand Deposits	82,616	93,324	**95,381**	2%	15%
Interest Bearing Demand Deposits (1)	88,035	97,933	**101,108**	3%	15%
Total Demand Deposits (2)	170,651	191,257	**196,489**	3%	15%
Time Deposits – Retail	115,589	120,430	**123,181**	2%	7%
Core Deposits	286,240	311,687	**319,670**	3%	12%
Money Market (3)	59,935	82,759	**75,408**	(9%)	26%
Total Bank Deposits	**346,175**	**394,446**	**395,079**	0%	14%
GFNorte's Total Deposits (4)	**348,061**	**395,635**	**395,531**	(0%)	14%
Third Party Deposits	**134,817**	**128,995**	**132,938**	3%	(1%)
Total Assets Under Management	**480,992**	**523,441**	**528,017**	1%	10%

1. Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts to 3Q11, 2Q12 and 3Q12 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 (3Q11= $1,886 million; 2T12 = $1,190 million; 3T12 = $452 million)

- **Deposits**

As at the close of 3Q12, Total Deposits amounted to Ps 395.53 billion, an increase of Ps 47.47 billion or 14% more YoY vs. 3Q11, mainly driven by marketing efforts to promote Banorte-Ixe deposit products. Demand deposits rose 15% YoY, Time Deposits by 7%, while Money Market deposits registered a YoY increase of 26%.

Total Deposits were flat with respect to 2Q12 due to a decrease of (9%) in Money Market deposits. However, Demand Deposits increased 3% and Time Deposits increased by 2% on 2Q12.

- **Demand and Time Deposits**

Demand Deposits amounted to Ps 196.49 billion as at the end of 3Q12, an increase of Ps 25.84 billion, or 15% YoY, driven by a 15% rise in non interest-bearing Demand Deposits due to the increase in the average balances of personal accounts (+22%) and corporate accounts (+13%). Interest-bearing Demand Deposits also registered YoY growth of 15% on the back of increases in the average balances of personal accounts (+23%) and corporate accounts (+10%). Deposits from SMEs, Governments and Companies posted combined YoY growth of 12%.

Demand Deposits increased by Ps 5.23 billion for the quarter, or 3% on 2Q12, driven by a 2% increase in non-interest bearing Demand Deposits and a 3% increase in interest bearing Demand Deposits; growth in both components was generated by higher average balances in personal and corporate products.

Time Deposits totaled Ps 123.18 billion, an increase of Ps 7.59 billion, or 7% 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 rose Ps 2.75 billion for the quarter, or 2% vs. 2Q12.

As a result of efforts to boost deposits, the number of new personal accounts increased by 13% and new corporate accounts by 28% as at the end of 3Q12.

- **Money Market Deposits**

As at the close of 3Q12, money market deposits amounted to Ps 75.41 billion, a YoY increase of 26%, but a QoQ decrease of (9%). YoY growth can be mainly attributed to the Financial Group's growing funding needs to support asset growth during the year, while the quarterly decrease stemmed from matched core deposit and loan growth.

- **Third Party Deposits**

In 3Q12 third party deposits amounted to Ps 132.94 billion, a YoY decrease of (1%) derived from a decline in third party securities in external custody and third party securities in private banking, while for the quarter the increase was 3% due to higher third party securities in private banking and through the retail network.

- **Managed Resources**

As at the end of September 2012, Managed Resources amounted to Ps 528.02 billion, an increase of Ps 47.02 billion, or 10% YoY, driven by more Total Deposits, and rose by Ps $4.58 billion for the quarter, or 1% vs. 2Q12, also due to more deposits.

- **Loans**

Performing Loan Portfolio *(Million Pesos)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY
Commercial	116,288	126,699	**130,410**	3%	12%
Consumer	94,329	108,626	**113,668**	5%	21%
Corporate	52,216	60,032	**63,137**	5%	21%
Government	63,096	82,845	**82,292**	(1%)	30%
Sub Total	325,929	378,203	**389,507**	3%	20%
Recovery Bank	308	269	**254**	(5%)	(17%)
Total	326,236	378,472	**389,761**	3%	19%

Performing Consumer Loan Portfolio *(Million Pesos)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY
Mortgages	61,956	67,662	**69,679**	3%	12%
Car Loans	9,093	9,975	**10,191**	2%	12%
Credit Cards	11,129	15,144	**16,358**	8%	47%
Payroll	12,151	15,846	**17,441**	10%	44%
Consumer Loans	94,329	108,626	**113,668**	5%	21%

(Million Pesos)	3Q11	2Q12	3Q12	Change QoQ	Change YoY
Past Due Loans	7,953	7,089	**7,591**	7%	(5%)
Loan Loss Reserves	10,549	10,406	**10,586**	2%	0%
Acquired Rights	3,887	3,136	**2,595**	(17%)	(33%)

- **Total Performing Loans**

Total Performing Loans rose 20% YoY, growing Ps 63.58 billion to Ps 389.51 billion as at the end of 3Q12, excluding proprietary loans managed by the Recovery Bank. For a tenth straight quarter the loan portfolio registered sustained growth in almost all segments with the exception of government loans, due to bank strategies to boost loan placements and a favorable economic environment characterized by more industry-wide demand for credit.

Total Performing Loans grew 3% QoQ vs. 2Q12 or by Ps 11.30 billion driven by solid performance in almost all components, especially Payroll, Credit Card and Corporate loans. The Government loan portfolio declined by (1%) on lower activity due to changes in some government administrations, including the federal.

Portfolio growth by headings was as follows:

- **Individual Loans**

✓ **Consumer and Mortgage:** An increase of Ps 19.34 billion, or 21% vs. 3Q11 and Ps 5.04 billion, or 5% QoQ vs. 2Q12 reporting a 3Q12 balance of Ps 113.67 billion as a result of favorable business dynamics in all headings.

✓ **Mortgage** An increase of Ps 7.72 billion, or 12% YoY, reporting a balance of Ps 69.68 billion on the back of more mortgages for the middle-income and residential segments derived from the launch of new mortgage products and the reactivation of mortgage products for liquidity, improvement of mortgage loan conditions, construction, remodeling and payment of liabilities. The loan portfolio grew by Ps 2.02 billion for the quarter, or 3% QoQ vs. 2Q12 with residential mortgage loans and other products displaying favorable dynamics. With respect to mortgage loan production, 11,805 mortgages totaling Ps 11.77 billion were placed during the first nine months of the year. Banorte had a market share in balances of 15.9% as at August 2012, and more than 21% share of new mortgage loan production, ranking second in both headings compared to the Mexican banking system.

- ✓ **Credit Cards:** In 1Q12 Banco Mercantil del Norte acquired JP Morgan Chase's 50% interest in the SOFOM Ixe Tarjetas, and so as of the first quarter of 2012, 100% of the portfolio is consolidated in GFNorte. Subsequently, Banco Mercantil del Norte acquired the remaining 50% of the company which was Ixe Banco's property and changed the denomination to Banorte-Ixe Tarjetas, S.A. de C.V. SOFOM, which in April acquired Banorte's Credit Card portfolio as part of the strategy to integrate this business into a single platform. The contractual value of the acquired portfolio amounted to Ps 11.76 billion, with a purchase value (book value) of Ps. 10.13 billion for the total loan portfolio. As at the close of 3Q12, the loan portfolio balance of Credit Cards amounted to Ps 16.36 billion, growth of 47% YoY and 8% QoQ. Annual growth can be attributed to the aforementioned consolidation of portfolios, while the quarterly recovery in this segment is due to adequate loan portfolio management and marketing campaigns for Banorte – Ixe products. New card placements for the year amounted to 387,057, a YoY growth of 26%, and as at the end of the quarter Banorte-Ixe had 1.84 million cards, YoY growth of 7% (also considering Ixe Tarjetas in last year's period). Transactions reached Ps 31.9 billion for the first nine months of the year, growing 33% YoY as a result of campaigns to encourage card usage and the integration of the Ixe Tarjetas' portfolio. The profitability of the credit card product has increased in recent months, making it again one of the bank's most profitable segments. As at August 2012, Banorte – Ixe had a 6.5% market share in balances, ranking fifth in the system.

- ✓ **Payroll** As at the close of 3Q12, the loan portfolio grew by Ps 5.29 billion, or 44% YoY, and Ps 1.59 billion for the quarter, or 10% QoQ, totaling Ps. 17.44 billion, driven by marketing campaigns for Payroll loan products, a 12% YoY increase in the number of bank clients with a payroll deposit account, which reached 3.82 million, and the strategy to boost cross selling through several channels. New loan production amounted to Ps 16.69 billion in 9M12, or an increase of 40% vs. 9M11. Likewise, 590,577 new loans were placed in 9M12, 35% more than in the same year-earlier period. Payroll Loan is still the bank's most profitable product displaying robust growth over the last year along with good asset quality.

- ✓ **Cars:** Car loans were up by Ps 1.10 billion, or 12% YoY, and by Ps 216 million, or 2% QoQ in 3Q12, totaling Ps 10.19 billion on the back of favorable car sale dynamics in Mexico and alliances with dealers to finance car purchases. New loan production for 9M12 rose 19% on the same year-earlier balance period; 31,144 new loans were placed during the period vs. 27,399 in 9M11. The profitability of this product has increased due to bigger volumes, good asset quality and car insurance cross selling, which is one of Aseguradora de Banorte's most important insurance products.

- **II. Loans to Institutions**

- ✓ **Commercial:** Commercial loans grew by Ps 14.12 billion, or 12% YoY, and by Ps 3.71 billion vs. 2Q12 totaling Ps 130.41 billion. YoY growth can be attributed to an increase in the placement of middle-market company loans, leasing and factoring and the reactivation of the Crediactivo product for businesses, and on a quarterly basis was driven by growth in middle-market company loans and Crediactivo. GFNorte SME loan portfolio amounted to Ps 28.28 billion, growing by Ps 6.45 billion, or 30% YoY, and by Ps 1.73 billion, or 7% vs. 2Q12. The commercial loan portfolio's market share was 14.1% as at August 2012, ranking third in the financial system (including the corporate portfolio).

- ✓ **SMEs Portfolio Evolution (million pesos)**

	3Q11	2Q12	3Q12
Performing Portfolio	$21,824	$26,545	$28,275
% of Commercial Portfolio	18.8%	21.0%	21.7%
% de Total Performing Portfolio	6.7%	7.0%	7.3%
NPL Ratio	3.8%	3.6%	3.9%

- ✓ **Corporate:** As at the close of 3Q12, corporate loans amounted to Ps 63.14 billion, increasing Ps 10.92 billion, or 21% YoY, and Ps 3.10 billion, or 5% QoQ on 2Q12. These increases can be attributed to better business dynamics in this sector and corporate area efforts 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 2Q12. The largest corporate loan represents 1.8% of the bank's total loan portfolio while number 20 represents 0.4%.

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

- ✓ **Government:** As at the end of 3Q12 government loans amounted to Ps 82.29 billion, growth of Ps 19.20 billion, or 30% YoY, 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 Dexia for Ps 6.81 billion, and the refinancing of several clients' debt as part of a financial reengineering of their public finances. This segment's portfolio decreased by ($553) million for the quarter, or by (1%) QoQ due to a lower activity on the back of changes in some government administrations, including the federal. Banorte's government loan portfolio is diversified by sectors and regions and shows a low concentration. Banorte's 20 main government borrowers account for 19.9% of the bank's total loans, 0.7 percentage points less than in 2Q12. The largest government loan represents 3.0% 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. The risk-adjusted profitability of government banking is among the Financial Group's highest, and Banorte plans to continue its efforts to become the leading bank in this segment. As at August 2012, it had a market share of 21.8% vs. the system total, ranking second in the industry.

- **Past Due Loans**

As at the end of 3Q12, past due loans amounted to Ps 7.59 billion, a decrease of (5%) YoY owing to decline in almost all headings chiefly mortgage and government and an increase of 7% on 2Q12, mainly due to higher past due loans in the Commercial, Payroll and Mortgage segments. Growth in commercial past due loans was mostly due to delinquencies at Fincasa Hipotecaria as a result of aligning this subsidiary to Banorte's Non Performing Loan policies, as well as an increase in SME past due loans because of the maturing process of new vintages and applying the B-6 accounting criteria.

Banking Sector past due loans grew by only 3% QoQ vs. 2Q12 and decreased (12%) YoY, because they were not impacted by the deterioration in Fincasa's past due loans.

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

Million pesos	Balance	Change vs. 2Q12	Change vs. 3Q11
Credit Cards	913	(198)	(85)
Payroll	337	51	120
Car loans	147	(1)	(20)
Mortgage	818	50	(474)
Commercial	4,067	593	577
Corporate	1,264	(1)	(24)
Government	44	8	(456)
Total	7,591	502	(362)

The Past Due Loan Ratio was 1.9% in 3Q12, (0.5 pp) below the 9M11 level and 0.1 pp above the previous quarter. The YoY decrease was the result of an improvement in the quality of the Mortgage, Government, Credit Card, Corporate and Car loan portfolios, and the quarterly increase was due mainly to more past due Commercial loans. Excluding the past due loans of US operations, the 3Q12 PDL ratio remains at 1.9%. The quality of the US bank (INB)'s portfolio has notably improved, leading to a decrease in its PDL ratio from 11.4% to 2.0% between 1Q10 and 3Q12.

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

	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Credit Cards	9.4%	8.2%	7.3%	6.3%	6.8%	5.3%
Payroll	1.8%	1.8%	1.7%	1.6%	1.8%	1.9%
Car loans	1.8%	1.8%	1.6%	1.4%	1.5%	1.4%
Mortgage	1.8%	2.0%	1.5%	1.3%	1.1%	1.2%
Commercial	3.1%	2.9%	2.7%	2.5%	2.7%	3.0%
Corporate	2.5%	2.4%	2.2%	2.2%	2.1%	2.0%
Government	0.0%	0.8%	0.0%	0.0%	0.0%	0.1%
Total	2.4%	2.4%	1.9%	1.8%	1.8%	1.9%

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 June '12	**6,418**
Transfer from Performing Loans to Past Due Loans	2,167
Portfolio Purchase	-
Renewals	(105)
Cash Collections	(382)
Discounts	(31)
Charge Offs	(813)
Foreclosures	(82)
Transfer from Past Due Loans to Performing Loans	(490)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	(50)
Balance as of September '12	**6,633**

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 3Q12-GFNorte
(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES			
		COMMERCIAL	CONSUMER	MORTGAGES	TOTAL
A	70,417	-	24	166	**190**
A1	186,340	862	0	-	**862**
A2	92,324	844	-	-	**844**
B	28,038	-	935	219	**1,154**
B1	22,707	494	357	-	**851**
B2	10,878	77	658	-	**735**
B3	2,337	265	-	-	**265**
C	3,035	-	880	173	**1,053**
C1	1,023	286	0	-	**286**
C2	689	309	-	-	**309**
D	2,013	385	993	5	**1,383**
E	2,530	2,344	172	18	**2,534**
Total	422,331	-	-	-	**-**
Not Classified	(51)	-	-	-	**-**
Exempt	86	-	-	-	**-**
Total	422,366	5,867	4,018	582	**10,467**
Reserves	-	-	-	-	**10,586**
Preventive Reserves	-	-	-	-	**120**

Notes:

1.- The ratings of loans and reserves created correspond to the last day of the month referred to in the Balance Sheet at September 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 August, 2012, the reserve is established as at September 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)*	**3Q12**
Previous Period Ending Balance	**10,406**
Provisions charged to results	1,543
Created with profitability margin	-
Reserve Portfolio Sold	(0)
Other items	-
Charge offs and discounts:	
Commercial Loans	(148)
Consumer Loans	(985)
Mortgage Loans	(209)
Foreclosed assets	-
	(1,342)
Cost of debtor support programs	(3)
Valorization and Others	(18)
Adjustments	-
Loan Loss Reserves at Period End	**10,586**

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

Balance sheet reserves amounted to Ps 10.59 billion as at the close of the quarter, 1.7% higher than in 2Q12, as total provisions amounting to Ps 1.54 billion were above the write-offs of Ps 1.34 billion registered during the quarter. Of the bank's quarterly Loan Loss Reserves, 47.0% correspond to Consumer, 21.0%% to Commercial / Business, 25% to Mortgage, 3% to Government, 1% to Corporate, and 3% to benefits, charge-offs and discounts, among others. On the other hand, 73% of charge-offs and discounts correspond to Consumer, 16% to Mortgage and 11% to Commercial.

The reserve coverage ratio was 139.5% at the close of 3Q12 (141.1% excluding INB).

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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Income Statement								
Net Interest Income	6,428	7,276	**7,541**	4%	17%	18,270	**21,999**	20%
Non Interest Income	2,770	3,116	**2,735**	(12%)	(1%)	7,440	**9,052**	22%
Total Income	9,198	10,393	**10,275**	(1%)	12%	25,710	**31,051**	21%
Non Interest Expense	4,908	6,015	**5,744**	(5%)	17%	14,099	**17,677**	25%
Provisions	1,664	1,237	**1,507**	22%	(9%)	4,291	**3,930**	(8%)
Operating Income	2,626	3,141	**3,024**	(4%)	15%	7,320	**9,445**	29%
Taxes	760	952	**643**	(32%)	(15%)	2,123	**2,586**	22%
Subsidiaries & Minority Interest	7	223	**144**	(36%)	2091%	124	**421**	240%
Net Income	1,872	2,412	**2,525**	5%	35%	5,320	**7,280**	37%
Balance Sheet								
Total Assets	679,290	715,310	**730,714**	2%	8%	679,290	**730,714**	8%
Performing Loans (a)	310,746	362,744	**374,858**	3%	21%	310,746	**374,858**	21%
Past Due Loans (b)	7,368	6,298	**6,487**	3%	(12%)	7,368	**6,487**	(12%)
Total Loans (a+b)	318,115	369,042	**381,345**	3%	20%	318,115	**381,345**	20%
Total Loans Net (d)	308,193	359,278	**371,382**	3%	21%	308,193	**371,382**	21%
Acquired Collection Rights (e)	2,330	2,093	**1,929**	(8%)	(17%)	2,330	**1,929**	(17%)
Total Loans (d+e)	310,523	361,370	**373,310**	3%	20%	310,523	**373,310**	20%
Total Liabilities	626,633	655,693	**668,407**	2%	7%	626,633	**668,407**	7%
Total Deposits	346,175	394,446	**395,079**	0%	14%	346,175	**395,079**	14%
Demand Deposits	170,651	191,257	**196,489**	3%	15%	170,651	**196,489**	15%
Time Deposits	175,525	203,189	**198,590**	(2%)	13%	175,525	**198,590**	13%
Equity	52,657	59,617	**62,307**	5%	18%	52,657	**62,307**	18%

Financial Ratios Banking Sector	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Profitability:								
NIM (1)	4.1%	4.5%	**4.5%**	0.1 pp	0.43 pp	4.1%	**4.4%**	0.34 pp
NIM after Provisions (2)	3.1%	3.7%	**3.6%**	(0.1 pp)	0.6 pp	3.1%	**3.6%**	0.5 pp
ROE (3)	14.4%	16.5%	**16.6%**	0.1 pp	2.2 pp	14.2%	**16.6%**	2.39 pp
ROA (4)	1.1%	1.4%	**1.4%**	0.0 pp	0.3 pp	1.1%	**1.4%**	0.27 pp
Operation:								
Efficiency Ratio (5)	53.4%	57.9%	**55.9%**	(2.0 pp)	2.5 pp	54.8%	**56.9%**	2.1 pp
Operating Efficiency Ratio (6)	2.9%	3.4%	**3.2%**	(0.2 pp)	0.3 pp	3.0%	**3.3%**	0.3 pp
Liquidity Ratio (7)	92.2%	90.0%	**92.9%**	2.9 pp	0.7 pp	92.2%	**92.9%**	0.7 pp
Asset Quality:								
Past Due Loan Ratio	2.3%	1.7%	**1.7%**	(0.0 pp)	(0.6 pp)	2.3%	**1.7%**	(0.6 pp)
Coverage Ratio	134.7%	155.0%	**153.6%**	(1.4 pp)	18.9 pp	134.7%	**153.6%**	18.9 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	141.4%	156.3%	**155.8%**	(0.5 pp)	14.5 pp	141.4%	**155.8%**	14.5 pp
Growth (8)								
Performing Loans (9)	28.6%	22.6%	**20.8%**	(1.9 pp)	(7.8 pp)	28.6%	**20.8%**	(7.8 pp)
Core Deposits	28.7%	14.4%	**11.7%**	(2.8 pp)	(17.0 pp)	28.7%	**11.7%**	(17.0 pp)
Total Deposits	20.2%	18.3%	**14.1%**	(4.2 pp)	(6.1 pp)	20.2%	**14.1%**	(6.1 pp)
Capitalization:								
Net Capital/ Credit Risk Assets	22.2%	19.8%	**19.9%**	0.1 pp	(2.3 pp)	22.2%	**19.9%**	(2.3 pp)
Total Capitalization Ratio	15.6%	14.7%	**14.8%**	0.2 pp	(0.7 pp)	15.6%	**14.8%**	(0.7 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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Interest Income	12,148	12,965	**12,917**	(0%)	6%	34,092	**38,883**	14%
Interest Expense	5,921	5,870	**5,585**	(5%)	(6%)	16,311	**17,498**	7%
Loan Origination Fees	247	242	**275**	14%	11%	609	**790**	30%
Fees Paid	46	60	**66**	9%	44%	120	**176**	46%
Net Interest Income	**6,428**	**7,276**	**7,541**	**4%**	**17%**	**18,270**	**21,999**	**20%**
Provisions	1,664	1,237	**1,507**	22%	(9%)	4,291	**3,930**	(8%)
Net Interest Income Adjusted for Credit Risk	**4,764**	**6,040**	**6,033**	**(0%)**	**27%**	**13,979**	**18,069**	**29%**
Average Interest Earning Assets	624,345	651,222	**663,364**	2%	6%	597,475	**663,784**	11%
Net Interest Margin (1)	4.1%	4.5%	**4.5%**	0.1 pp	0.4 pp	4.1%	**4.4%**	0.3 pp
NIM after Provisions (2)	3.1%	3.7%	**3.6%**	(0.1 pp)	0.6 pp	3.1%	**3.6%**	0.5 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 9M12, Net Interest Income grew 20% YoY, from Ps 18.27 to Ps 22 billion derived from a bigger increase in interest income than the interest expense underpinned by a better loan portfolio mix and the integration of Ixe Tarjetas in the bank's results, as well as a stable cost of funding.

Net Interest Income grew 17% YoY in 3Q12 and 4% vs. 2Q12 totaling Ps 7.54 billion, driven mainly by more loan volumes and a stable cost of funding. Considering only interest income and net fees related to lending activity, Net Interest Income rose 21% vs. 3Q11 and 6% vs. 2Q12.

The average Net Interest Margin (NIM) was 4.4% for 9M12, growing by 0.3 pp vs. the same year-earlier period and was 4.5% in 3Q12, 0.4 pp above 3Q11; in both cases the increase in the NIM can be attributed to a larger increase in Net Interest Income compared with Average Productive Assets. NIM expands 8 basis points with respect to 2Q12, from 4.47% to 4.55%, as a result of lower funding costs.

- **Loan Loss Provisions**

In 9M12 Provisions charged to results reached Ps 3.93 billion, (8%) below the same year-earlier period and amounted to Ps 1.51 billion in 3Q12, a decrease of (9%) vs. 3Q11, but an increase of 22% on 2Q12.

The average NIM adjusted for Credit Risks was 3.6% in 9M12, 0.5 pp above the previous year and 3.6% in 3Q12, 0.6 pp above 3Q11 and (0.1 pp) vs. 2Q12.

- **Non Interest Income**

Non Interest Income (Million Pesos)	3Q11	3Q11	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Services	1,385	1,743	**1,619**	(7%)	17%	4,028	**5,016**	25%
Recovery	260	337	**322**	(5%)	24%	764	**1,017**	33%
Trading	577	877	**501**	(43%)	(13%)	1,128	**2,000**	77%
Other Operating Income (Expense)	549	159	**293**	84%	(47%)	1,520	**1,020**	(33%)
Non Interest Income	**2,770**	**3,116**	**2,735**	**(12%)**	**(1%)**	**7,440**	**9,052**	**22%**

In 1Q11 new Accounting Criteria was implemented, among them the 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".

In 9M12, Non Interest Income amounted to Ps 9.05 billion, an increase of 22% YoY due to the integration of Ixe Banco and Ixe Tarjetas operations, and more income from real estate portfolio Recoveries.

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

Non Interest Income amounted to Ps 2.73 billion for the quarter, a decrease of (12%) vs. 2Q12 and (1%) vs. 3Q11.

- **Non Interest Expenses**

Non Interest Expense (Million Pesos)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Personnel	1,965	2,380	**2,211**	(7%)	12%	5,751	**7,196**	25%
Professional Fees	414	607	**546**	(10%)	32%	1,229	**1,646**	34%
Administrative and Promotional	1,059	1,307	**1,375**	5%	30%	2,958	**3,713**	26%
Rents, Depreciation & Amortization	678	704	**720**	2%	6%	1,789	**2,092**	17%
Taxes other than income tax & non deductible expenses	241	319	**307**	(4%)	27%	722	**1,066**	48%
Contributions to IPAB	342	395	**409**	4%	19%	977	**1,182**	21%
Employee Profit Sharing (PTU) (1)	208	303	**177**	(42%)	(15%)	674	**782**	16%
Non Interest Expense	**4,908**	**6,015**	**5,744**	**(5%)**	**17%**	**14,099**	**17,677**	**25%**

In 9M12 Non Interest Expenses amounted to Ps 17.68 billion, an increase of 25% YoY vs. 9M11, mainly due to the integration of Ixe Banco and the effect of integrating Ixe Tarjetas to Banco Mercantil del Norte.

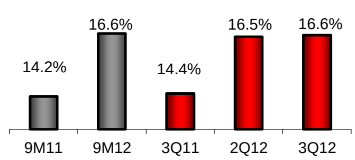
Expenses amounted to Ps 5.74 billion in 3Q12, an increase of 17% vs. 3Q11. They decrease of (5%) vs. 2Q12 mainly derived from a reduction of (7%) in Personnel Expenses; while Other taxes and Non Deductible Expenses decreased by (4%), which offset an increase in Administrative and Promotional Expenses related to better business dynamics.

The 9M12 Efficiency Ratio was 56.9%, 2.1 pp above 9M11 due to Ixe merger related expenses. The 3Q12 Efficiency Ratio was 55.9%, +2.5 pp vs. 3Q11, but decreased (2.0 pp) due to positive operating leverage.

- **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 7.28 billion in 9M12, 37% more than in the same 2011 period derived from the integration of the results of Ixe Banco and Afore XXI Banorte as well as less provisions. It amounted to Ps 2.52 billion in 3Q12, 35% above 3Q11 due to lower recurring loan loss provision requirements and a Ps 137 million increase in Subsidiaries' income as a result of the growing contribution of Afore XXI Banorte. For the first nine months of 2012, ROE was 16.6%, an increase of 240 basis points vs. 9M11, while ROA was 1.4%, an increase of 30 basis points for the same period.

ROE (BANKING SECTOR)



- **NPL Ratio**

The Banking Sector Past Due Loan Ratio was 1.7% for the third quarter of 2012 (it includes INB past due loans), (0.6 pp) below 9M11 and flat vs. 2Q12.

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)*	**3Q11**	**2Q12**	**3Q12**	**Change vs 2Q12**	**Change vs 3Q11**	**9M11**	**9M12**	**Change vs 9M11**
Income Statement								
Net Interest Income	162	174	**161**	(7%)	(1%)	486	**502**	3%
Non Interest Income	138	121	**80**	(35%)	(42%)	259	**290**	12%
Total Income	301	295	**240**	(19%)	(20%)	746	**792**	6%
Non Interest Expense	172	199	**194**	(2%)	13%	507	**576**	14%
Loan Loss Reserves	14	52	**5**	(90%)	(65%)	57	**80**	40%
Operating Income	115	45	**41**	(9%)	(64%)	182	**137**	(25%)
Taxes	39	15	**13**	(9%)	(66%)	60	**45**	(26%)
Net Income	76	30	**28**	(8%)	(63%)	122	**92**	(25%)

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% of remittance companies Uniteller and Motran) was Ps 92 million for 9M12, a YoY decrease of (25%), due to higher Non Interest Expense and Provisions compared to the year-earlier period, derived mainly from adjustments related to the conversion to MEXGAPP accounting standards.

II. Inter National Bank (US GAAP)

INCOME STATEMENT & BALANCE SHEET HIGHLIGHTS – Inter National Bank *Figures in US GAAP (Milion Dollars)*	**3Q11**	**2Q12**	**3Q12**	**Change vs 2Q12**	**Change vs 3Q11**	**9M11**	**9M12**	**Change vs 9M11**
Income Statement								
Net Interest Income	14	13	**13**	(4%)	(7%)	42	**39**	(6%)
Non Interest Income	10	7	**4**	(36%)	(56%)	18	**16**	(14%)
Total Income	24	20	**17**	(15%)	(28%)	60	**55**	(8%)
Non Interest Expense	12	13	**13**	(3%)	2%	37	**38**	2%
Loan Loss Reserves	2	4	**-**	(91%)	(80%)	15	**5**	(65%)
Operating Income	9	3	**4**	58%	(57%)	9	**12**	43%
Net Income	6	2	**3**	55%	(56%)	6	**8**	40%
Balance Sheet								
Investment in Securities	743	804	**985**	22%	33%	743	**985**	33%
Performing Loans	759	712	**707**	(1%)	(7%)	759	**707**	(7%)
Past Due Loans	35	10	**15**	52%	(58%)	35	**15**	(58%)
Demand Deposits	741	803	**902**	12%	22%	741	**902**	22%
Time Deposits	959	864	**839**	(3%)	(13%)	959	**839**	(13%)
Total Deposits	1,701	1,667	**1,741**	4%	2%	1,701	**1,741**	2%
Equity	410	419	**427**	2%	4%	410	**427**	4%

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*	3Q11	2Q12	3Q12	Change vs 2Q12	Change vs 3Q11	9M11	9M12	Change vs 9M11
Profitability:								
NIM	3.2%	3.0%	**2.9%**	(0.1)	(0.3)	3.2%	3.1%	(0.1)
ROE	6.0%	1.6%	**2.5%**	0.9	(3.5)	2.0%	2.6%	0.7
ROA	1.1%	0.3%	**0.5%**	0.2	(0.6)	0.4%	0.5%	0.1
Operational:								
Efficiency Ratio	52.5%	65.2%	**74.3%**	9.1	21.8	61.5%	68.6%	7.1
Asset Quality:								
Past Due Loan Ratio	4.5%	1.3%	**2.0%**	0.7	(2.4)	4.5%	2.0%	(2.4)
Coverage Ratio	61.7%	144.0%	**96.7%**	(47.3)	35.0	61.7%	96.7%	35.0
Capitalization:								
Leverage Ratio	9.3%	10.1%	**10.0%**	(0.1)	0.7	9.3%	10.0%	0.7
Capitalization Ratio	22.3%	25.9%	**25.3%**	(0.6)	3.01	22.3%	25.3%	3.0

The most relevant event this quarter for INB was that on August 21st 2012, an Agreement was reached with the OCC (Office of the Comptroller of the Currency) to finalize the Formal Agreement; this effectively means that INB is no longer subject to any formal action from its US regulator.

Under generally accepted accounting principles of the United States (US GAAP), Inter National Bank (INB) recorded a 9M12 profit of US $8 million, a 40% YoY increase, mainly on the back of lower loan loss Provisions.

With respect to INB's assets, its investment portfolio amounts to US $985 million focusing mainly on mortgage-backed securities, which increased by US $242 million, or by 33% YoY, and by US $181 million or 22% QoQ. The mortgages backing these securities are rated AAA and have an implicit guarantee from the US government. As at 3Q12, the portfolio includes an unrealized gain from the valuation of these securities amounting to US $29 million and the average weighted maturity is 3.2 years.

Total deposits amounted to US $1.74 billion and rose by US $40 million, or 2% YoY, and increases by US $74 million, or 4% QoQ. Performing Loans amounted to US $707 million, a decrease of US $52 million, or (7%) YoY, and US $5 million or (1%) QoQ, while Past Due Loans amounted to US $15 million, decreasing by US $20 million or (58%) YoY and increasing by US $5 million or 52% QoQ.

Capitalization and Leverage Ratios remain robust. The 3Q12 Capitalization Ratio was 25.3% and the Leverage Ratio was 10.0%. The Past Due Loans Ratio decreased by (2.4) pp YoY but increased by 0.7 pp QoQ to 2.0%, while the Coverage Ratio rose by 35 pp YoY and decreased by (47.3) pp QoQ to 96.7%.

Regarding Profitability Indicators, ROE rose by 0.7 pp YoY and by 0.9 QoQ to 2.6%; ROA rose by 0.1 pp YoY and by 0.2pp QoQ to 0.5%. The Efficiency Ratio rose by 7.1pp YoY and by 9.1 pp QoQ to 68.6% and 74.3%, respectively. Meanwhile, the NIM slipped (0.1) pp both YoY and QoQ to 3.1% for the first nine months of the year and to 2.9% for the quarter.

III. Sólida USA

In order to reduce the level of Classified Assets (impaired loans and repossessed assets) and achieve levels acceptable to the OCC, INB's regulator in the United States, INB sold assets to Banorte and SMX. 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 3Q12 the ratio stood at 26.78%.

As at 3Q12, Sólida USA's Assets under Management comprise the following:

Solida Mexico's Foreclosed Assets:	US $47 million
Banorte Assets:	US $98 million
INB Classified Assets:	US $83 million
Total:	US$228 million

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)	9M11	9M12	Change 9M11
Net Interest Income	4	24	514%
Loan Loss Provisions	(11)	(23)	113%
Non Interest Income	1,156	1,321	14%
Non Interest Expense	(688)	(710)	3%
Pre-tax Income & Subsidiaries	462	613	33%
Income Tax and Profit Sharing	(139)	(182)	31%
Net Income	**323**	**431**	**33%**

Assets Under Management (Million Pesos)	3Q12	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Banking Sector Portfolio- Banorte:	**36,501**	Banorte's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Loans purchased and managed:	**32,515**	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects (1):	**7,364**	Solida Asset Management and Banorte	Non Interest Income
Banking Sector Portfolio- Ixe:	**7,478**	Ixe's Portfolio and Repossessed Assets	Net Interest Income and Other Revenues and Expenses
Total	**83,858**		

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

As at the close of 3Q12, of Banorte's proprietary assets managed by the Recovery Bank amounting to Ps 36.5 billion, 28% correspond to mortgages, 16% to credit cards, 16% to Crediactivo, 10% to payroll, 9% to middle-market companies, 7% to car loans, 4% to commercial loans, 3% to foreclosed assets, 1% to personal loans, 1% to Pronegocio and 1% to Subsidiaries. In 9M12 this portfolio generated revenues of Ps788 million, a YoY increase of 9%.

As at the end of 3Q12, of the Ps 32.5 billion in portfolios acquired and managed by the Recovery Bank, 32% corresponded to middle-market and commercial portfolios, 31% 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. Revenues generated by these portfolios in 9M12 amounted to Ps 455 million, growth of 32% YoY.

As at the end of 3Q12, of Ixe Proprietary assets managed by the Recovery Bank amounting to Ps 7.5 billion, 38% corresponded to middle-market companies, 25% to mortgages, 16% to consumer, 16% to foreclosed assets and 5% to commercial.

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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Brokerage								
Net Income	81	164	**139**	(15%)	72%	273	**414**	52%
Shareholder's Equity	2,870	2,325	**2,444**	5%	(15%)	2,870	**2,444**	(15%)
Assets Under Custody	491,282	627,187	**642,702**	2%	31%	491,282	**642,702**	31%
Total Assets	47,862	87,629	**79,163**	(10%)	65%	47,862	**79,163**	65%
ROE	11.4%	29.3%	**23.3%**	(6.0 pp)	11.9 pp	15.3%	**23.2%**	8.0 pp
Net Capital								
Net Capital	2,276	1,825	**1,925**	6%	(15%)	2,276	**1,925**	(15%)

- **Net Income**

The Brokerage Sector (Casa de Bolsa Banorte Ixe and Ixe Fondos) posted a Ps 414 million profit for the first nine months of 2012, 52% above 9M11. 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, investment banking and structured financing.

3Q12 profit amounted to Ps 139 million, a decrease of (15%) vs. 2Q12 and an increase of 72% vs. 3Q11. YoY growth was driven by more revenues at mutual funds, wealth management, structured financing as well as a lower level of inter-company expenses, while the quarterly decrease can be attributed to lower trading income at this subsidiary.

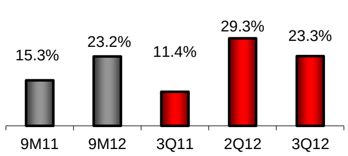
- **Mutual Funds**

As at the close of 3Q12, the assets managed by Banorte-Ixe mutual funds amounted to Ps 95 billion, growth of 16% YoY compared with the combined balance of both banks' mutual fund operations as at 3Q11. Assets managed by the fixed-income mutual funds amounted to Ps 87.1 billion, which is a combined increase of 18% YoY, while equity mutual funds' managed assets amounted to Ps 7.9 billion, a decrease of (4%) YoY. As at the end of September, Banorte-Ixe has a 6.5% share of the mutual funds market, fixed-income funds have a 7.3% share, and equity funds a 3.0% share.

- **Assets Under Custody**

As at the close of 3Q12, assets under custody amounted to Ps 642.7 billion, an increase of 31% YoY. Growth for the quarter was 2%, due to growth in funds managed by mutual funds as well as in money market funds.

ROE
(BROKERAGE SECTOR)



LONG TERM SAVINGS

LONG TERM SAVINGS *(Million Pesos)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Afore (1)								
Net Income (a)	86	298	**321**	8%	272%	281	**867**	209%
Shareholder's Equity	2,061	2,202	**2,523**	15%	22%	2,061	**2,523**	22%
Total Assets	2,362	2,642	**3,099**	17%	31%	2,362	**3,099**	31%
AUM (SIEFORE)*	93,498	225,155	**236,627**	5%	153%	93,498	**236,627**	153%
ROE	17.1%	52.7%	**54.3%**	1.7 pp	37.2 pp	19.5%	**55.4%**	35.9 pp
Insurance (2)								
Net Income	163	293	**218**	(26%)	34%	488	**751**	54%
Shareholder's Equity	2,524	2,834	**3,052**	8%	21%	2,524	**3,052**	21%
Total Assets	14,677	18,354	**17,226**	(6%)	17%	14,677	**17,226**	17%
Technical Reserves	8,716	10,954	**10,263**	(6%)	18%	8,716	**10,263**	18%
Premiums sold	1,862	3,449	**2,266**	(34%)	22%	7,179	**9,218**	28%
Coverage ratio of technical reserves	1.3	1.2	**1.3**	0.0 pp	0.0 pp	1.3	**1.3**	0.0 pp
Capital coverage ratio of minimum guarantee	2.1	1.7	**1.8**	0.1 pp	(0.2 pp)	2.1	**1.8**	(0.2 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	24.6%	43.6%	**29.7%**	(14.0 pp)	5.0 pp	24.5%	**36.0%**	11.5 pp
Annuities (2)								
Net Income	34	29	**17**	(43%)	(52%)	22	**78**	261%
Shareholder's Equity	1,115	1,207	**1,224**	1%	10%	1,115	**1,224**	10%
Total Assets	31,924	38,088	**40,562**	6%	27%	31,924	**40,562**	27%
Technical Reserves	30,494	36,650	**39,061**	7%	28%	30,494	**39,061**	28%
Premiums sold	2,219	1,916	**2,089**	9%	(6%)	6,325	**5,895**	(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	3.1	N/A	**N/A**	-	-	3.1	**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	12.8%	9.7%	**5.4%**	(4.3 pp)	(7.4 pp)	2.8%	**8.7%**	6.0 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 recorded net income of Ps 867 million in 9M12, an increase of 209% YoY. Profit for the quarter amounted to Ps 321 million, 8% higher QoQ vs. 2Q12, and growth of 272% on 3Q11 as a result of more assets under management following the merger with Afore XXI. As a result of this merger and efforts to capture more accounts, managed funds amounted to Ps 236.63 billion, an increase of 153% YoY, and 5% QoQ.

As at the end of August 2012, Afore XXI Banorte had a 12.9% share of managed funds, ranking 4th in the market and had more than 7.26 million managed accounts (this number does not include 4.8 million accounts managed by Afore XXI with resources deposited in Banco de México), which represent 16.9% of system accounts, ranking second in the market.

- **Insurance**

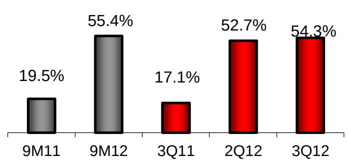
Profit for the first nine months of 2012 amounted to Ps 751 million (51% corresponds to GFNorte), an increase of 54% YoY driven by annual growth in income from premiums and financial revenues, which offset an increase in damages and claims. Profit for the quarter amounted to Ps 218 million, growth of 34% vs. 3Q11 on the back of a decrease in net technical reserve requirements, which offset an increase in damages and claims. Compared to 2Q12, profit decreased (26%) owing to lower sales levels.

Issued premiums rose by 28% YoY reaching Ps 9.22 billion for the first nine months of the year. Meanwhile, the balance of technical reserves stood at Ps 10.26 billion, a YoY increase of 18% but a QoQ declines of (6%) vs. 2Q12.

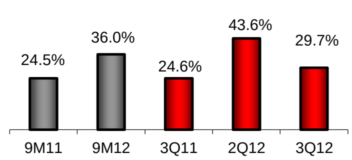
- **Annuities**

In 9M12 annuities reported net income of Ps 78 million (51% corresponded to GFNorte), increasing by Ps 56 million compared with 9M11, due to portfolio write-offs that occurred in 2011 and were not repeated in 2012. Net income totaled Ps 17 million for the quarter, a decrease of Ps 17 million vs. 3Q11 (-52%) and (43%) QoQ vs. 2Q12. These decreases were caused by higher technical reserve requirements.

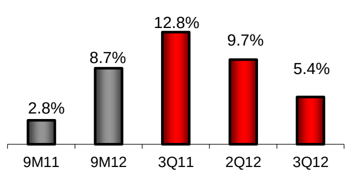
ROE (AFORE)



ROE (INSURANCE)



ROE (ANNUITIES)



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)*	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Leasing and Factoring								
Net Income	167	152	**196**	29%	17%	465	**474**	2%
Shareholder's Equity	2,395	2,658	**2,854**	7%	19%	2,395	**2,854**	19%
Loan Portfolio (1)	17,141	18,707	**18,470**	(1%)	8%	17,141	**18,470**	8%
Past Due Loans	94	120	**146**	21%	56%	94	**146**	56%
Loan Loss Reserves	268	257	**221**	(14%)	(17%)	268	**221**	(17%)
Total Assets	17,450	18,720	**18,539**	(1%)	6%	17,450	**18,539**	6%
ROE	29.0%	23.5%	**28.4%**	5.0 pp	(0.5 pp)	28.8%	**24.1%**	(4.6 pp)
Warehousing								
Net Income	13	8	**17**	105%	38%	32	**33**	5%
Shareholder's Equity	239	255	**256**	0%	7%	239	**256**	7%
Inventories	545	367	**369**	0%	(32%)	545	**369**	(32%)
Total Assets	688	568	**607**	7%	(12%)	688	**607**	(12%)
ROE	21.5%	13.4%	**27.0%**	13.5 pp	5.4 pp	19.2%	**17.8%**	(1.4 pp)
Ixe Automotriz								
Net Income	2	(2)	**29**	(1344%)	1074%	15	**35**	132%
Shareholder's Equity	322	283	**312**	10%	(3%)	322	**312**	(3%)
Loan Portfolio (1)	1,392	1,072	**921**	(14%)	(34%)	1,392	**921**	(34%)
Past Due Loans	60	71	**51**	(27%)	(15%)	60	**51**	(15%)
Loan Loss Reserves	57	57	**30**	(47%)	(47%)	57	**30**	(47%)
Total Assets	1,480	1,107	**985**	(11%)	(33%)	1,480	**985**	(33%)
ROE	3.1%	-3.3%	**39.2%**	42.5 pp	36.1 pp	12.5%	**15.3%**	2.8 pp
Fincasa Hipotecaria								
Net Income	14	(145)	**(25)**	(83%)	(276%)	32	**(247)**	(871%)
Shareholder's Equity	707	655	**631**	(4%)	(11%)	707	**631**	(11%)
Loan Portfolio (1)	3,988	3,561	**3,554**	(0%)	(11%)	3,988	**3,554**	(11%)
Past Due Loans	253	491	**792**	61%	213%	253	**792**	213%
Loan Loss Reserves	242	225	**234**	4%	(3%)	242	**234**	(3%)
Total Assets	4,690	4,204	**4,198**	(0%)	(10%)	4,690	**4,198**	(10%)
ROE	8.0%	-91.1%	**-15.3%**	75.8 pp	(23.3 pp)	12.2%	**-50.5%**	(62.7 pp)

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

- **Leasing and Factoring**

In 9M12, Arrendadora and Factor Banorte posted a profit of Ps 474 million and Ps 196 million in 3Q12, an increase of 2% YoY vs. 9M11 and 17% YoY vs. 3Q11, due to an increase in the leasing and factoring loan portfolio and lower costs of funding. 3Q12 profit grew 29% vs. 2Q12 driven by a release in loan loss provisions due to a decline in the factoring company portfolio.

As at the close of 3Q12, the Past Due Loan Ratio was 0.8%, an increase of 16 basis points on 2Q12 while the Capitalization Ratio closed at 15% based on total risk weighted assets of Ps 19.79 billion.

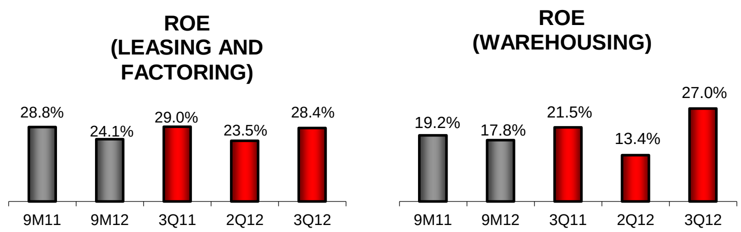
According to the new criteria, effective as of January 2008, inflationary accounting no longer applies for re-expressing financial statements.

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

- **Warehouse**

In 9M12, Warehousing reported net income of Ps 33 million, a YoY increase of 5%, while profit for the quarter amounted to Ps 17 million, an increase of 38% vs. 3Q11 and 105% QoQ vs. 2Q12. These increases can be mainly attributed to more revenue related to the warehousing business and storage activations.

As at the close of 3Q12, the Capitalization Ratio was 7% considering total certificates at risk outstanding amounting to Ps 3.04 billion. Banorte's warehousing business ranks 4th among the sector's 19 warehousing companies in terms of profits generated



- **Ixe Automotriz**

For the first nine months of 9M12, Ixe Automotriz recorded a net profit of Ps 35 million, growth of 132% YoY. Profit for the quarter amounted to Ps 29 million, due to savings generated by the synergies with Banorte.

- **Fincasa Hipotecaria**

Fincasa Hipotecaria posted a 9M12 loss of Ps ($247) million as a result of a decrease in loan volumes, an increase in loan loss provisions for individual loans to adjust them to Banorte policies, recognition of an estimate related to SHF accounts receivables, and write-offs in this 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)	3Q11	2Q12	3Q12	Change QoQ	Change YoY	9M11	9M12	Change 9M11
Ixe Soluciones								
Net Income	6	(69)	**(68)**	(2%)	(1295%)	(13)	**(209)**	1555%
Shareholder's Equity	424	258	**190**	(26%)	(55%)	424	**190**	(55%)
Loan Portfolio (1)	285	285	**287**	1%	1%	285	**287**	1%
Past Due Loans	177	204	**204**	0%	15%	177	**204**	15%
Loan Loss Reserves	61	104	**139**	34%	127%	61	**139**	127%
Total Assets	1,463	1,290	**1,146**	(11%)	(22%)	1,463	**1,146**	(22%)
ROE	5.5%	-103.2%	**-121.5%**	(18.3 pp)	(127.0 pp)	-8.1%	**-104.0%**	(95.8 pp)
Ixe Servicios								
Net Income	2	(0)	**1**	(324%)	(61%)	4	**(1)**	121%
Shareholder's Equity	24	20	**21**	4%	(11%)	24	**21**	(11%)
Total Assets	34	29	**31**	6%	(9%)	34	**31**	(9%)
ROE	33.2%	-6.4%	**14.3%**	20.7 pp	(19.0 pp)	45.3%	**-5.1%**	(50.3 pp)

- **Ixe Soluciones**

Ixe Soluciones posted a first nine month loss of Ps ($209) 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	Banco Mercantil del Norte	POSITIVE	Outlook	August, 2012
		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	
	Ixe Banco	POSITIVE	Outlook	
		BBB-	Counterparty credit - Long term	
		A-3	Counterparty credit – Short term	
		BB	Subordinated Junior 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	
	Banco Mercantil del Norte	STABLE	Outlook	
		bbb	Viability	
		BBB	Long Term Foreign currency	
		F2	Short Term Foreign Currency	
		C	Individual – Foreign Currency	
		2	Support Rating -Banco Mercantil del Norte	
		BBB-	Support Rating Floor -Banco Mercantil del Norte	
	Ixe Banco	STABLE	Outlook	
		bb	Viability	
		BBB	Long Term Foreign currency	
		F2	Short Term Foreign Currency	
Moody's	Banco Mercantil del Norte	STABLE	Outlook BFSR	September, 2012
		C –	Bank Financial Strenght	
		STABLE	Outlook GLC	
		A3	Long term local currency deposits	
		P-2	Short term local currency deposits	
		Baa1	Long term foreign currency deposits	
		P-2	Short term foreign currency deposits	
	Banco Mercantil del Norte	A3	Long term local currency senior debt	
		P-2	Short term local currency senior debt	
		Baa1	Local currency subordinated debt	
		Baa1	Foreign currency subordinated debt assigned to subordinated cumulative foreign currency debt	
		Baa2	Local currency junior cumulative debt	
		Ba1	Foreign currency assigned to non-cumulative subordinated debt	
	Ixe Banco	STABLE	Outlook	
		D+	Bank Financial Strenght	
		Baa1	Long term local currency deposits	
		P-2	Short term local currency deposits	
		Baa1	Long term foreign currency deposits	
		P-2	Short term foreign currency deposits	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		Baa1	Long term local currency issuer	
		P-2	Short term local currency issuer	
	Arrendadora y Factor Banorte	STABLE	Outlook	
		A3	Long term local currency issuer	
		P-2	Short term local currency issuer	
		(P)A3	Long term local currency senior debt	
		(P)P-2	Short term local currency senior debt	

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**
Standard & Poor's	Banco Mercantil del Norte	POSITIVE	Outlook	August, 2012
		mxA-1+	National Scale Counterparty credit - short term	
		mxAA+	National Scale Counterparty - long term	
	Ixe Banco	POSITIVE	Outlook	
		mxA-1	National Scale Counterparty credit - short term	
		mxAA+	National Scale Counterparty - long term	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		mxA-1+	National Scale Counterparty credit - short term	
		mxAA+	National Scale Counterparty credit - long term	
	Fincasa Hipotecaria	STABLE	Outlook	
		mxA-2	National Scale Counterparty credit - short term	
		mxA	National Scale Counterparty credit - long term	
		mxA-2	Short term debt	
	Ixe Automotriz	STABLE	Outlook	
		mxA-1	National Scale Counterparty credit - short term	
		mxA+	National Scale Counterparty - long term	
		mxA-1	Short term debt	
Fitch	Grupo Financiero Banorte	BBB	Long Term Local currency (IDR'S)	March, 2012
		F2	Short Term Local currency (IDR'S)	
	Banco Mercantil del Norte	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	STABLE	Outlook	
		AA+ (mex)	National Scale Counterparty- long term	
		F1+(mex)'	National Scale Counterparty - short term	
		BB-'	Junio 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
Moody's	Banco Mercantil del Norte	STABLE	Outlook	September, 2012
		Aaa.mx	National Scale - long term deposits	
		MX-1	National Scale - short term deposits	
		Aaa.mx	National Scale - long term senior debt	
		MX-1	National Scale - short term senior debt	
		Aaa.mx	Subordinated debt	
		Aa1.mx	Junior Subordinated debt	
	Ixe Banco	STABLE	Outlook	
		Aaa.mx	National Scale - long term deposits	
		MX-1	National Scale - short term deposits	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		Aaa.mx	National Scale - long term issuer	
		MX-1	National Scale - short term issuer	
	Arrendadora y Factor Banorte	STABLE	Outlook	
		Aaa.mx	National Scale - long term issuer	
		MX-1	National Scale - short term issuer	
		Aaa.mx	National Scale - long term senior debt	
		MX-1	National Scale - short term senior debt	
HR Ratings	Banco Mercantil del Norte	STABLE	Outlook	May, 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	3Q11	2Q12	3Q12
Employees	24,099	24,034	**25,534**
Banking (1)	18,872	19,931	**20,470**
Other	5,227	4,103	**5,064**
Branches (2)	1,277	1,302	**1,306**
INB	20	21	21
ATM's	6,176	6,637	**6,642**
POS's	85,229	102,204	**108,819**

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 3Q12 there were 1,306 branches, 4 more compared with 2Q12. The number of branches increased by 29 over the last 12 months, an annual increase of 2%. The total number of branches takes into account 174 Ixe Banco branches.

- 466 ATMs were enabled over the last 12 months, or YoY growth of 8%, increasing the network to 6,642 ATMs at the end of 3Q12. This growth includes 210 Ixe ATMs.

- 23,590 Point of Sale Terminals (POS) were activated during the year, or YoY growth of 28%, bringing the number of installed POS to 108,819 at the end of September, 18,158 of which belong to Ixe.

- As at the end of 3Q12, there were 3,009 contact points through third party correspondent agreements with 7-Eleven and Telecomm-Telégrafos, 1,403 of which belong to 7-Eleven.

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	03-Sep-12
GBM	Lilian Ochoa	Buy	21-Aug-12
Goldman Sachs	Jason Mollin	Buy	23-Oct-12
Itaú BBA	Regina Longo	Buy	09-Sep-12
Morgan Stanley	Jorge Kuri	Buy	02-Aug-12
Santander	Boris Molina	Buy	27-Jul-12
UBS	Philip Finch	Buy	27-Jul-12
Vector	Rafael Escobar	Buy	21-Sep-12
Actinver	Martín Lara	Hold	15-Aug-12
Barclays	Fabio Zagatti	Hold	17-Aug-12
Citi	Daniel Abut	Hold	17-Aug-12
Deutsche Bank	Mario Pierry	Hold	15-Aug-12
HSBC	Victor Galliano	Hold	30-Jul-12
Intercam	Enrique Mendoza	Hold	26-Apr-12
JP Morgan	Saul Martinez	Hold	26-Jul-12
BBVA	Ernesto Gabilondo	Sell	10-Sep-12
BOFA - Merill Lynch	Jorg Friedemann	Sell	06-Aug-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	3Q12
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 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 September '12
Number of Shares Outstanding	2,326.36
Shares held in the bank's Treasury	0

Group Officers 3Q12	
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 Velázquez Rodríguez	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
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 & Banorte-Ixe Tarjetas
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

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	3Q12	2011	9M12
Income Subsidiaries	1,834	2,054	2,132	2,161	2,430	2,519	2,757	8,181	7,706
Interest Income	2	1	2	4	7	11	8	9	27
Interest Expense	-	-	-	-	-	-	-	-	-
Fees & Tariffs	-	-	-	-	-	(0)	(0)	-	(0)
Trading Income	-	-	-	-	-	-	-	-	-
Other Operating Income (Expense)	-	-	-	-	-	-	-	-	-
Non Interest Expense	4	9	4	49	25	25	25	66	74
Pre-Tax Income	**1,831**	**2,046**	**2,130**	**2,116**	**2,412**	**2,505**	**2,741**	**8,124**	**7,658**
Income Tax	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	0	(3)	1	(2)	(1)	1	2	(4)	2
Taxes	**0**	**(3)**	**1**	**(2)**	**(1)**	**1**	**2**	**(4)**	**2**
Net Income from Continuos Operations	**1,831**	**2,049**	**2,130**	**2,118**	**2,414**	**2,504**	**2,739**	**8,128**	**7,656**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Net Income	**1,831**	**2,049**	**2,130**	**2,118**	**2,414**	**2,504**	**2,739**	**8,128**	**7,656**

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	3Q12
ASSETS							
Cash and Due from Banks	**126**	**42**	**252**	**422**	**1,034**	**743**	**766**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Investment in Securities	**-**	**45**	**44**	**61**	**65**	**16**	**17**
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	10
Inventories	-	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	-	-	-	-	-	-
Investment in Subsidiaries	48,331	56,145	57,952	59,085	60,630	63,339	66,216
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	1	4	4	6	7	6	4
Goodwill and Intangibles	31	11,100	11,098	11,416	11,394	11,069	11,045
Other Assets Short and Long Term	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
	48,370	67,256	69,059	70,512	72,038	74,423	77,274
TOTAL ASSETS	**48,496**	**67,343**	**69,355**	**70,996**	**73,137**	**75,181**	**78,057**

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	3Q12
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	0
Other Payable Accounts	**0**	**0**	**-**	**-**	**1**	**0**	**0**
Subordinated Non Convertible Debt	-	-	-	-	-	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-
Deferred Credits	-	-	-	-	-	-	-
TOTAL LIABILITIES	**0**	**0**	**-**	**-**	**1**	**0**	**0**
EQUITY							
Paid-in Capital	12,019	13,098	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	18,511
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	**14,267**	**32,008**	**32,013**	**31,608**	**31,608**	**31,608**	**31,608**
Capital Reserves	3,165	3,224	3,224	3,224	3,224	3,224	3,224
Retained Earnings	31,499	30,939	30,941	30,548	38,258	37,837	37,827
Surplus (Deficit) of Secs Available for Sale	562	511	117	196	570	737	959
Results from Valuation of Hedging Secs	(1,615)	(2,057)	(2,725)	(2,537)	(2,334)	(2,821)	(2,750)
Results from Conversions	(1,213)	(1,163)	(225)	(172)	(603)	(322)	(467)
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	7,656
Earned Capital	**34,229**	**35,334**	**37,342**	**39,387**	**41,527**	**43,573**	**46,449**
Minority Interest	-	-	-	-	-	-	-
Total Equity	**48,496**	**67,343**	**69,355**	**70,996**	**73,136**	**75,181**	**78,057**
TOTAL LIABILITIES & EQUITY	**48,496**	**67,343**	**69,355**	**70,996**	**73,137**	**75,181**	**78,057**

Holding - Memorandum Accounts (Million Pesos)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12
Securities held under Custody	3,716	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	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	3Q12	2011	9M12
Interest Income	11,281	13,011	13,659	14,129	14,586	15,441	16,176	52,081	46,202
Interest Expense	5,040	6,238	6,557	6,574	6,686	7,753	8,022	24,409	22,461
Charged Fees	159	214	261	289	284	252	285	922	821
Fees Paid	35	41	48	95	50	60	67	219	177
Net Interest Income from interest & fees (NII)	**6,365**	**6,946**	**7,315**	**7,749**	**8,134**	**7,880**	**8,372**	**28,375**	**24,386**
Premium Income (Net)	3,622	3,925	3,706	4,022	4,258	3,814	3,823	15,275	11,896
Net Increase in Technical Reserves	2,319	1,917	2,080	3,001	2,637	1,381	2,010	9,316	6,028
Damages, Claims and Other Obligations	1,391	1,585	1,711	1,405	1,833	2,068	2,131	6,092	6,032
Net Interest Income (NII)	**6,277**	**7,369**	**7,232**	**7,364**	**7,923**	**8,245**	**8,054**	**28,242**	**24,222**
Preventive Provisions for Loan Losses	1,338	1,318	1,650	1,133	1,467	1,186	1,524	5,438	4,176
Net Interest Income Adjusted for Credit Risk	**4,940**	**6,051**	**5,582**	**6,231**	**6,456**	**7,059**	**6,530**	**22,804**	**20,046**
Fees for Commercial and Mortgage Loans	3	13	17	16	12	12	6	50	31
Fund Transfers	92	104	108	117	111	124	123	421	358
Account Management Fees	255	279	314	311	300	309	306	1,160	915
Fiduciary	75	82	80	116	84	93	86	353	263
Other Fees	719	1,126	1,032	1,216	649	639	618	4,092	1,906
Income from Real Estate Portfolios	220	284	260	353	359	337	322	1,117	1,017
Electronic Banking Services	567	577	616	684	781	807	840	2,444	2,429
For Consumer and Credit Card Loans	336	344	357	382	469	534	506	1,418	1,509
Fees Charged on Services	**2,267**	**2,808**	**2,784**	**3,196**	**2,765**	**2,856**	**2,806**	**11,055**	**8,428**
Fund transfers	10	9	9	10	11	11	10	37	33
Other Fees	568	775	719	780	845	712	944	2,842	2,501
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**578**	**784**	**728**	**790**	**857**	**723**	**954**	**2,879**	**2,534**
Foreign Exchange	173	287	358	365	229	653	187	1,182	1,069
Securities-Realized Gains	132	93	128	995	120	441	215	1,349	777
Securities-Unrealized Gains	212	(161)	373	(177)	833	(199)	621	247	1,256
Trading Income	**517**	**219**	**859**	**1,184**	**1,182**	**896**	**1,024**	**2,778**	**3,102**
Loan Recoveries	257	335	243	372	289	326	278	1,207	893
Income from purchased assets	27	29	10	33	(4)	(23)	(18)	99	(45)
Other Operating Income	120	(118)	80	214	194	(100)	(16)	296	77
Other Operating Expense	(169)	116	(27)	(20)	(18)	(40)	(10)	(101)	(68)
Other Products	182	286	299	859	315	413	439	1,625	1,166
Other Recoveries	131	82	107	132	174	(8)	103	451	269
Other Operating Expense	(255)	(119)	(198)	(685)	(293)	(425)	(383)	(1,258)	(1,102)
Other Operating Income (Expense) from Insurance and Annuities	113	125	136	120	125	173	169	494	467
Total Non Interest Income	**2,611**	**2,979**	**3,564**	**4,614**	**3,871**	**3,344**	**3,437**	**13,767**	**10,653**
Total Operating Income	**7,550**	**9,030**	**9,145**	**10,845**	**10,327**	**10,404**	**9,967**	**36,571**	**30,698**
Personnel	1,666	2,575	2,289	3,352	2,814	2,540	2,334	9,882	7,688
Employee Profit Sharing (PTU)	235	237	217	196	307	314	185	885	806
Professional Fees	528	517	555	600	631	713	714	2,200	2,059
Administrative and Promotional Expenses	977	1,247	1,276	1,364	1,171	1,362	1,462	4,864	3,995
Rents, Depreciation & Amortization	608	733	796	731	730	756	774	2,867	2,259
Taxes other than income tax & non deductible expenses	314	325	339	392	527	377	354	1,370	1,258
Contributions to IPAB/Fobaproa	302	332	342	364	379	395	409	1,341	1,182
Total Non Interest Expense	**4,631**	**5,965**	**5,814**	**6,999**	**6,558**	**6,457**	**6,232**	**23,409**	**19,247**
Operating Income	**2,919**	**3,065**	**3,332**	**3,846**	**3,769**	**3,947**	**3,736**	**13,162**	**11,451**
Subsidiaries' Net Income	(14)	40	(39)	(28)	126	162	143	(41)	431
Pre-Tax Income	**2,905**	**3,104**	**3,293**	**3,818**	**3,895**	**4,109**	**3,879**	**13,121**	**11,883**
Income Tax	827	848	945	(0)	927	1,138	572	2,619	2,637
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	21	(38)	(57)	1,007	213	14	234	933	461
Taxes	**847**	**810**	**888**	**1,007**	**1,140**	**1,152**	**806**	**3,552**	**3,098**
Net Income from Continuos Operations	**2,058**	**2,294**	**2,405**	**2,811**	**2,755**	**2,957**	**3,073**	**9,569**	**8,785**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	(244)	(247)	(263)	(298)	(292)	(322)	(293)	(1,052)	(907)
Net Income	**1,815**	**2,048**	**2,142**	**2,513**	**2,463**	**2,635**	**2,780**	**8,517**	**7,878**

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	3Q12
ASSETS							
Cash and Due from Banks	**62,312**	**65,360**	**58,260**	**53,968**	**61,429**	**61,762**	**61,102**
Margin Accounts	**178**	**468**	**575**	**252**	**278**	**389**	**453**
Negotiable Instruments	79,300	107,521	111,612	115,026	107,223	141,675	117,047
Securities Available for Sale	14,006	22,144	31,347	53,666	60,116	59,924	94,549
Securities Held to Maturity	159,898	186,042	182,488	162,148	144,000	134,081	123,466
Investment in Securities	**253,204**	**315,707**	**325,447**	**330,841**	**311,339**	**335,680**	**335,062**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans, net	**3,576**	**1,646**	**2,157**	**3,830**	**7,126**	**336**	**8,757**
Securities Lending	**0**	**-**	**0**	**-**	**-**	**-**	**-**
For trading purposes	5,756	11,841	19,388	15,854	15,023	20,291	19,875
For hedging purposes	624	535	1,573	623	342	362	308
Operations w/Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	**6,380**	**12,375**	**20,961**	**16,477**	**15,365**	**20,653**	**20,182**
Operations w/Derivatives & Securities	**9,956**	**14,022**	**23,118**	**20,307**	**22,491**	**20,990**	**28,940**
Valuation adjustments for Asset Coverage	**-**	**91**	**119**	**123**	**132**	**175**	**175**
Commercial Loans	127,337	156,153	159,383	169,023	173,258	178,350	184,506
Financial Intermediaries´ Loans	5,775	9,081	9,123	11,560	7,559	8,384	9,045
Consumer Loans	28,835	30,639	32,373	34,246	38,608	40,965	43,990
Mortgage Loans	57,348	60,637	62,262	64,567	66,027	67,930	69,933
Government Entities´ Loans	51,271	55,421	63,095	71,162	75,196	82,843	82,289
Loans granted as Federal Agent	-	-	-	-	-	-	-
Performing Loans	**270,564**	**311,931**	**326,237**	**350,557**	**360,648**	**378,472**	**389,761**
Commercial PDL´s	4,492	4,969	4,774	4,684	4,362	4,735	5,327
Financial Intermediaries PDL´s	-	6	6	1	19	4	5
Consumer PDL´s	1,312	1,486	1,381	1,286	1,348	1,545	1,397
Mortgage PDL´s	694	1,086	1,291	967	858	768	818
Government Entities PDL´s	-	-	500	11	0	36	44
Past Due Loans	**6,498**	**7,547**	**7,953**	**6,949**	**6,588**	**7,089**	**7,591**
Gross Loan Portfolio	**277,063**	**319,478**	**334,189**	**357,506**	**367,236**	**385,561**	**397,352**
Preventive Loan Loss Reserves	9,030	10,196	10,549	9,944	10,415	10,406	10,586
Net Loan Portfolio	**268,033**	**309,282**	**323,640**	**347,562**	**356,821**	**375,155**	**386,766**
Acquired Collection Rights	2,641	4,105	3,887	3,559	3,110	3,136	2,595
Total Credit Portfolio	**270,674**	**313,388**	**327,528**	**351,121**	**359,931**	**378,291**	**389,360**
Account Receivables from Insurance and Annuities	887	829	929	953	934	831	848
Premium Debtors (Net)	2,186	3,104	2,787	3,442	3,664	4,898	3,507
Account Receivables from Reinsurance	2,503	2,486	2,096	2,594	3,092	3,637	3,552
Benef.receivab.securization transactions	959	946	894	856	713	660	940
Sundry Debtors & Other Accs Rec, Net	15,810	23,693	23,632	20,524	25,309	41,221	31,244
Inventories	40	201	545	43	18	367	369
Foreclosed Assets, Net	821	1,281	1,723	2,284	2,115	2,735	2,974
Real Estate, Furniture & Equipment, Net	9,389	11,013	11,166	11,785	11,878	12,018	11,896
Investment in Subsidiaries	1,384	1,868	2,012	2,280	2,009	1,944	4,570
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	17,238
Other Assets Short and Long Term	6,162	6,427	6,743	7,315	3,661	4,343	4,700
Other Assets	-	-	-	-	-	-	-
	45,840	69,683	70,733	72,665	73,842	92,521	81,838
TOTAL ASSETS	**642,164**	**778,717**	**805,780**	**829,277**	**829,442**	**889,807**	**896,931**

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	3Q12
LIABILITIES							
Demand Deposits	144,253	160,981	169,650	189,613	185,186	190,977	196,237
Time Deposits-Retail	145,896	160,937	162,781	162,635	175,495	176,729	177,795
Time Deposits-Money Market	5,492	6,562	8,147	11,089	6,237	21,324	15,098
Special Funds	-	-	-	-	-	-	-
Senior Unsecured Debt	3,604	6,889	7,483	6,953	6,380	6,605	6,401
Deposits	**299,245**	**335,369**	**348,061**	**370,290**	**373,297**	**395,635**	395,531
Immediate Redemption Loans	3,519	1,427	361	3,968	4,315	5,549	2,278
Short Term Loans	15,084	19,553	21,874	25,150	32,230	20,788	31,456
Long Term Loans	6,517	8,427	6,950	6,330	7,176	7,724	6,856
Due to Banks & Correspondents	**25,120**	**29,407**	**29,185**	**35,448**	**43,721**	**34,062**	**40,590**
Technical Reserves	34,847	36,959	39,210	42,406	45,675	47,604	49,324
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	238,585
Secs to be received in Repo Trans, Net	0	11	57	-	1	-	-
Repos (Credit Balance)	34	21	79	31	19	122	112
Securities' Loans	0	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-
Total Collateral sold	**34**	**21**	**79**	**31**	**19**	**122**	112
For trading purposes	5,564	12,234	19,429	16,009	14,825	20,456	19,393
For hedging purposes	2,630	3,067	5,284	5,305	4,174	5,098	4,610
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	**8,194**	**15,301**	**24,713**	**21,314**	**18,999**	**25,554**	24,003
Total Operations w/ Derivatives & Securities	**190,875**	**250,447**	**266,019**	**265,105**	**244,094**	**267,690**	**262,699**
Valuation adjustments for financial liability coverage	-	(352)	(67)	(91)	(280)	(224)	(217)
Obligations in securitization transactions	-	-	-	-	-	-	-
Payable Accountsfor Reinsurance	502	1,178	995	1,246	1,027	2,054	1,448
Income Tax Payable	684	869	1,020	710	1,207	1,734	1,742
Profit Sharing Payable	262	463	677	481	307	531	597
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	22,253
Margin Accounts Payable	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	12,049	15,140	15,866	15,446	15,631	15,049	15,436
Other Payable Accounts	**18,821**	**30,725**	**23,223**	**19,342**	**24,939**	**39,029**	**40,027**
Subordinated Non Convertible Debt	17,636	20,438	22,173	16,543	16,218	19,571	19,425
Deferred Taxes, Net	-	-	-	39	51	118	501
Deferred Credits	1,447	1,687	1,766	1,867	1,959	2,975	3,085
TOTAL LIABILITIES	**588,494**	**705,859**	**730,565**	**752,195**	**750,701**	**808,515**	**812,413**
EQUITY							
Paid-in Capital	11,968	13,053	13,055	13,050	13,057	13,068	13,070
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	18,301
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	**13,647**	**31,475**	**31,494**	**31,056**	**31,206**	**31,344**	**31,371**
Capital Reserves	3,165	3,224	3,224	3,224	3,224	3,224	3,224
Retained Earnings	31,524	30,968	30,966	30,573	38,680	38,259	38,249
Surplus (Deficit) of Secs Available for Sale	325	339	144	188	417	504	706
Results from Valuation of Hedging Secs	(1,615)	(2,057)	(2,725)	(2,537)	(2,334)	(2,821)	(2,750)
Results from Conversions	(1,213)	(1,163)	(225)	(172)	(603)	(322)	(467)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	1,815	3,862	6,004	8,517	2,463	5,098	7,878
Earned Capital	**34,001**	**35,172**	**37,387**	**39,793**	**41,846**	**43,942**	**46,840**
Minority Interest	6,022	6,211	6,334	6,233	5,689	6,005	6,307
Total Equity	**53,670**	**72,859**	**75,215**	**77,082**	**78,741**	**81,292**	**84,518**
TOTAL LIABILITIES & EQUITY	**642,164**	**778,717**	**805,780**	**829,277**	**829,442**	**889,807**	**896,931**

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	3Q12
On behalf of Third Parties							
Customer's Banks	10	66	323	70	63	64	41
Dividends Receivable from Customers	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-
Settlement of Customer Transactions	(10)	288	401	76	(21)	(130)	(58)
Customer Premiums	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-
Customers' Current Account	**(1)**	**354**	**725**	**146**	**42**	**(66)**	**(18)**
Client Securities Received in Custody	180,623	449,234	449,921	497,608	520,812	531,857	547,690
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-
Clients' Securities	**180,623**	**449,234**	**449,921**	**497,608**	**520,812**	**531,857**	**547,690**
Clients' Repurchase Operations	41,790	60,997	68,675	58,841	42,616	83,911	74,793
Clients' Repo Transactions w/ Securities	0	-	2	-	-	-	-
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-
Trusts under Administration	5,176	5,402	5,024	4,181	3,548	2,750	2,272
Transactions On Behalf of Clients	**46,966**	**66,398**	**73,701**	**63,022**	**46,165**	**86,661**	**77,065**
Investment bank Trans on Behalf of Third	**69,252**	**72,038**	**80,941**	**75,989**	**63,075**	**75,181**	**74,393**
TOTAL ON BEHALF OF THIRD PARTIES	**296,841**	**588,024**	**605,287**	**636,764**	**630,094**	**693,633**	**699,130**
Loan Obligations	3,605	11,243	9,793	9,001	36,223	34,173	36,840
Trusts	127,790	200,021	238,148	246,418	255,981	284,156	307,410
Mandates	2,151	2,220	2,221	2,143	2,788	2,102	2,068
Properties in Trusts and Warrant	129,941	202,241	240,369	248,561	258,769	286,258	**309,477**
Properties in Custody or Administration	264,064	325,040	342,174	377,098	399,178	379,725	**383,446**
Collateral Received	93,783	131,151	147,459	124,475	164,387	109,863	**146,606**
Collateral Received or sold	63,319	79,115	90,258	66,971	126,450	119,914	**143,448**
Drafts in Transit	-	-	-	-	-	-	**-**
Certificates of Deposits in Circulation	2,310	1,643	1,231	3,107	3,062	3,343	**3,042**
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	**-**
Securities to the Corporation for Custody	-	-	-	-	-	-	**-**
Government Secs of the Corp under Custody	-	-	-	-	-	-	**-**
Securities of the Corp given as Guarantee	-	-	-	-	-	-	**-**
Securities of the Corp Abroad	-	-	-	-	-	-	**-**
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	**-**
Debts with the Contingency Fund	-	-	-	-	-	-	**-**
Contingent Assets & Liabilities	255	255	255	255	1,233	255	**255**
Uncollected Accrued Interest from Past Due Loans	139	261	239	327	242	264	**282**
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**	**1,023,397**
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**	**1,023,397**

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 – SEPTEMBER 30, 2012 *(Million Pesos)*	
Net Income	**7,878**
Items charged to results that do not generate or require use of resources	
Depreciation	872
Technical Reserves	6,028
Provisions	1,360
Income taxes and deferred	3,098
Minority Interest	476
	11,834
	19,712
Change in items related to operations:	
Change in Margin Accounts	(201)
Change in Invesment in Securities	(4,868)
Change in repo debtors	(4,927)
Change in derivatives (assets)	(4,073)
Changein Loan Portfolio (net)	(40,223)
Change in purchased receivables (net)	872
Change in accounts receivable insurance and bonding institutions (net)	105
Change in debtor premiums	(65)
Change in Reinsurance	-958
Change in benefits to receive from securitizations	-84
Change in foreclosed assets (net)	(904)
Change in other operating assets (net)	(7,008)
Change in core deposits	27,042
Change in interbank loans and other entities	5,167
Change in repo creditors	(5,175)
Change in collateral pledged sold	81
Change in derivatives (liability)	3,258
Change in Technical Reserves (net)	890
Change in Reinsurance (net) (liability)	202
Change in subordinated debt with characteristics of liabilities	2,904
Change in other operating liabilities	19,482
Change in hedging instruments (the related hedged transaction activities)	(379)
Income Tax Collection (refunds)	0
Income Tax Payments	(1,511)
Net cash generated or used from operations	**9,339**
Investment Activities:	
Charges for disposal of property, furniture and equipment	1,132
Payments for acquisition of property, furniture and equipment	(2,165)
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	251
Net cash generated or used from investment activities	**(949)**
Financing Activities:	
Payments of cash dividends	(814)
Payments associated with the repurchase of proprietary shares	79
Net cash flows from financing activities	**(735)**
Change in investments by loss in control of the AFORE	**(409)**
Net Cash Increase (decrease)	**7,246**
Cash flow adjustments given exchange rate or inflation variations	**(112)**
Cash and cash equivalents at beginning of period	**53,968**
Cash and cash equivalents at end of period	**61,102**

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 – SEPTEMBER 30, 2012

(Million Pesos)

	CONTRIBUTED CAPITAL		EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 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	20	295	0	8	(244)					79
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	**20**	**295**	**0**	**7,711**	**(244)**	**0**	**0**	**(8,517)**	**0**	**(735)**
Changes stemming from profits										
Net Income								7,878		7,878
Result from valuation of securities available for sale					762					762
Effect of subsidiaries				(35)			(295)			(330)
Result from valuation of instruments of cash flow hedges						(213)				(213)
Total	**0**	**0**	**0**	**(35)**	**762**	**(213)**	**(295)**	**7,878**	**0**	**8,097**
Recognition of minority interest									**74**	**74**
Balance as of September 30, 2012	**13,070**	**18,301**	**3,224**	**38,249**	**706**	**(2,750)**	**(467)**	**7,878**	**6,307**	**84,518**

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	3Q12	2011	9M12
Interest Income	10,357	11,587	12,148	12,611	13,001	12,965	12,917	46,703	38,883
Interest Expense	4,807	5,583	5,921	5,961	6,042	5,870	5,585	22,271	17,498
Fees for Commercial and Mortgage Loans	122	166	205	210	231	193	229	703	652
Fees for Consumer and Credit Card Loans	36	38	42	67	43	49	45	183	138
Charged Fees	159	204	247	277	273	242	275	886	790
Costs expenses of granting loans	35	39	46	93	49	60	66	213	176
Fees Paid	35	39	46	93	49	60	66	213	176
Net Interest Income from interest & fees (NII)	**5,674**	**6,169**	**6,428**	**6,835**	**7,182**	**7,276**	**7,541**	**25,105**	**21,999**
Preventive Provisions for Loan Losses	1,337	1,291	1,664	1,020	1,186	1,237	1,507	5,311	3,930
Net Interest Income Adjusted for Credit Risk	**4,337**	**4,878**	**4,764**	**5,815**	**5,997**	**6,040**	**6,033**	**19,794**	**18,069**
Fees for Commercial and Mortgage Loans	3	4	2	3	4	3	3	12	9
Fund Transfers	92	104	108	117	111	124	123	421	358
Account Management Fees	255	279	314	311	300	310	306	1,160	915
Fiduciary	70	76	74	109	84	87	82	329	253
Other Fees	261	508	415	528	521	408	460	1,711	1,389
Income from Real Estate Portfolios	220	284	260	353	359	337	322	1,117	1,017
Electronic Banking Services	567	577	616	684	781	807	840	2,444	2,429
For Consumer and Credit Card Loans	336	344	357	382	375	628	506	1,418	1,509
Fees Charged on Services	**1,804**	**2,176**	**2,146**	**2,486**	**2,534**	**2,704**	**2,641**	**8,612**	**7,879**
Fund transfers	10	9	9	10	11	11	10	37	33
Other Fees	369	444	492	555	510	613	690	1,860	1,813
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**379**	**453**	**501**	**565**	**521**	**624**	**700**	**1,897**	**1,846**
Foreign Exchange	173	285	371	368	228	654	187	1,197	1,069
Securities-Realized Gains	133	42	60	852	19	301	97	1,088	418
Securities-Unrealized Gains	(106)	25	145	(786)	374	(78)	217	(722)	513
Trading Income	**200**	**352**	**577**	**435**	**621**	**877**	**501**	**1,564**	**2,000**
Loan Recoveries	257	330	243	371	279	325	277	1,202	881
Income from purchased assets	27	36	30	44	(10)	13	(3)	138	0
Other Operating Income	119	(119)	79	186	191	(101)	(17)	265	73
Other Operating Expense	(167)	120	(22)	(17)	(16)	(38)	(31)	(87)	(86)
Other Products	184	240	128	454	115	142	132	1,006	389
Other Recoveries	130	80	107	130	173	(9)	94	446	259
Other Operating Expense	(157)	(108)	(15)	(123)	(165)	(172)	(160)	(404)	(497)
Total Non Interest Income	**2,017**	**2,653**	**2,770**	**3,402**	**3,201**	**3,116**	**2,735**	**10,843**	**9,052**
Total Operating Income	**6,354**	**7,531**	**7,534**	**9,217**	**9,198**	**9,156**	**8,768**	**30,637**	**27,122**
Personnel	1,556	2,229	1,965	3,052	2,606	2,380	2,211	8,803	7,196
Employee Profit Sharing (PTU)	233	234	208	187	302	303	177	861	782
Professional Fees	439	376	414	464	493	607	546	1,693	1,646
Administrative and Promotional Expenses	838	1,061	1,059	1,227	1,030	1,307	1,375	4,184	3,713
Rents, Depreciation & Amortization	501	610	678	1,014	668	704	720	2,803	2,092
Taxes other than income tax & non deductible expenses	242	239	241	286	440	319	307	1,008	1,066
Contributions to IPAB/Fobaproa	302	332	342	364	379	395	409	1,341	1,182
Total Non Interest Expense	**4,111**	**5,081**	**4,908**	**6,595**	**5,917**	**6,015**	**5,744**	**20,694**	**17,677**
Operating Income	**2,243**	**2,450**	**2,626**	**2,623**	**3,280**	**3,141**	**3,024**	**9,943**	**9,445**
Subsidiaries' Net Income	47	70	7	35	54	189	144	158	386
Pre-Tax Income	**2,291**	**2,520**	**2,633**	**2,657**	**3,335**	**3,329**	**3,168**	**10,101**	**9,831**
Income Tax	642	653	787	(180)	833	864	414	1,902	2,111
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	31	38	(27)	897	158	88	229	938	475
Taxes	**672**	**691**	**760**	**717**	**991**	**952**	**643**	**2,841**	**2,586**
Net Income from Continuos Operations	**1,618**	**1,829**	**1,872**	**1,940**	**2,343**	**2,377**	**2,525**	**7,260**	**7,246**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	34	(0)	(0)	34
Net Income	**1,618**	**1,829**	**1,872**	**1,940**	**2,343**	**2,412**	**2,525**	**7,260**	**7,280**

BANORTE

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	3Q12
ASSETS							
Cash and Due from Banks	**61,484**	**64,341**	**57,178**	**53,710**	**61,461**	**61,800**	**61,361**
Margin Accounts	**178**	**468**	**572**	**252**	**278**	**389**	**453**
Negotiable Instruments	63,510	86,079	79,196	104,770	72,361	65,797	69,310
Securities Available for Sale	14,488	22,670	31,683	53,987	60,395	60,214	74,366
Securities Held to Maturity	126,928	135,231	128,722	109,039	90,717	79,619	66,729
Investment in Securities	**204,925**	**243,980**	**239,602**	**267,797**	**223,473**	**205,631**	**210,405**
Non-assigned Securities for Settlement	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtor Balance in Repo Trans,net	**3,173**	**1,531**	**2,038**	**3,829**	**6,926**	**336**	**8,757**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**
For trading purposes	5,756	11,841	19,388	15,854	15,023	20,291	19,875
For hedging purposes	624	535	1,573	623	342	362	308
Operations w/Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	**6,380**	**12,375**	**20,961**	**16,477**	**15,365**	**20,653**	**20,182**
Operations w/Derivatives & Securities	**9,553**	**13,906**	**22,999**	**20,306**	**22,291**	**20,990**	**28,940**
Valuation adjustments for Asset Coverage	**-**	**91**	**119**	**123**	**132**	**175**	**175**
Commercial Loans	112,205	137,215	143,395	152,664	155,708	160,652	166,744
Financial Intermediaries´ Loans	7,590	12,686	13,311	16,144	14,986	13,360	14,188
Consumer Loans	28,832	30,427	32,173	34,041	35,267	40,824	43,878
Mortgage Loans	57,348	60,196	61,844	64,140	65,622	67,550	69,572
Government Entities´ Loans	51,270	55,412	60,023	68,325	72,473	80,357	80,476
Loans granted as Federal Agent	-	-	-	-	-	-	-
Performing Loans	**257,246**	**295,937**	**310,746**	**335,314**	**344,055**	**362,744**	**374,858**
-	-	-	-	-	-	-	-
Commercial PDL´s	4,372	4,541	4,478	4,369	4,048	4,032	4,301
Financial Intermediaries PDL´s	-	6	6	1	1	0	1
Consumer PDL´s	1,312	1,422	1,327	1,236	1,225	1,512	1,383
Mortgage PDL´s	694	860	1,057	965	849	754	802
Government Entities PDL´s	-	-	500	13	-	-	0
Past Due Loans	**6,379**	**6,829**	**7,368**	**6,583**	**6,124**	**6,298**	**6,487**
Gross Loan Portfolio	**263,625**	**302,766**	**318,115**	**341,897**	**350,180**	**369,042**	**381,345**
Preventive Loan Loss Reserves	8,743	9,419	9,922	9,446	9,304	9,764	9,963
Net Loan Portfolio	**254,881**	**293,347**	**308,193**	**332,452**	**340,876**	**359,278**	**371,382**
Acquired Collection Rights	2,641	2,477	2,330	2,258	2,023	2,093	1,929
Total Credit Portfolio	**257,522**	**295,824**	**310,523**	**334,709**	**342,899**	**361,370**	**373,310**
Benef.receivab.securization transactions	959	933	881	844	700	647	927
Sundry Debtors & Other Accs Rec, Net	15,683	23,179	23,061	20,195	23,905	39,078	29,658
Inventories	-	-	-	-	-	-	-
Foreclosed Assets, Net	812	873	1,271	1,757	1,814	2,368	2,579
Real Estate, Furniture & Equipment, Net	7,703	8,280	8,372	8,600	8,791	8,910	8,898
Investment in Subsidiaries	1,457	1,910	2,025	1,898	2,823	1,789	4,414
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	5,658
Other Assets Short and Long Term	5,723	5,984	6,231	6,748	3,520	3,695	3,934
Other Assets	-	-	-	-	-	-	-
	38,016	47,290	48,297	49,185	49,197	64,956	56,068
TOTAL ASSETS	**571,678**	**665,900**	**679,290**	**726,082**	**699,731**	**715,310**	**730,714**

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	3Q12
LIABILITIES							
Demand Deposits	144,542	161,201	170,651	189,944	185,511	191,257	196,489
Time Deposits-Retail	145,896	161,977	162,950	163,484	175,832	177,020	178,806
Time Deposits-Money Market	5,618	6,604	8,398	11,600	7,352	22,067	15,888
Special Funds	-	-	-	-	-	-	-
Senior Unsecured Debt	3,604	3,586	4,176	4,267	3,877	4,102	3,895
Deposits	**299,660**	**333,368**	**346,175**	**369,295**	**372,572**	**394,446**	395,079
Immediate Redemption Loans	3,519	1,427	361	3,968	4,315	5,549	2,278
Short Term Loans	5,489	11,156	11,315	16,521	22,717	11,773	21,887
Long Term Loans	3,749	3,790	3,981	2,866	3,539	3,373	3,759
Due to Banks & Correspondents	**12,758**	**16,373**	**15,657**	**23,355**	**30,571**	**20,695**	**27,923**
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	163,704
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-
Repos (Credit Balance)	34	21	79	31	19	15	111
Securities' Loans	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-
Total Collateral sold	**34**	**21**	**79**	**31**	**19**	**15**	111
For trading purposes	5,564	12,234	19,425	16,009	14,825	20,456	19,393
For hedging purposes	2,630	3,067	5,284	5,305	4,174	5,098	4,610
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-
Transactions with Derivatives	**8,194**	**15,301**	**24,709**	**21,314**	**18,999**	**25,554**	24,003
Total Operations w/ Derivatives & Securities	**178,693**	**216,996**	**221,881**	**244,862**	**201,529**	**183,729**	**187,818**
Valuation adjustments for financial liability coverage	-	(352)	(67)	(91)	(280)	(224)	(217)
Obligations in securitization transactions	-	-	-	-	-	-	-
Income Tax Payable	512	516	540	84	902	1,349	1,226
Profit Sharing Payable	259	452	666	464	291	509	571
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	21,222
Margin Accounts Payable	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	9,396	11,507	12,387	12,271	12,147	11,805	12,303
Other Payable Accounts	**15,992**	**26,663**	**19,221**	**15,519**	**20,137**	**34,682**	**35,322**
Subordinated Non Convertible Debt	17,636	20,438	22,173	16,543	16,218	19,571	19,425
Deferred Taxes, Net	-	-	-	-	-	-	140
Deferred Credits	1,387	1,510	1,593	1,691	1,718	2,793	2,917
TOTAL LIABILITIES	**526,128**	**614,995**	**626,633**	**671,173**	**642,466**	**655,693**	**668,407**
EQUITY							
Paid-in Capital	11,488	14,727	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	3,294
Subordinated Convertible Debentures	-	-	-	-	-	-	-
Subscribed Capital	**13,980**	**18,021**	**18,022**	**18,021**	**18,021**	**18,021**	**18,021**
Capital Reserves	5,172	5,990	5,990	5,990	5,990	6,703	6,703
Retained Earnings	27,361	26,435	26,436	26,437	33,599	32,883	32,870
Surplus (Deficit) of Secs Available for Sale	365	388	4	58	425	599	850
Results from Valuation of Hedging Secs	(1,669)	(2,154)	(2,878)	(2,675)	(2,454)	(2,980)	(2,903)
Results from Conversions	(1,288)	(1,232)	(246)	(192)	(670)	(376)	(525)
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	1,618	3,448	5,320	7,260	2,343	4,755	7,280
Earned Capital	**31,560**	**32,874**	**34,626**	**36,878**	**39,234**	**41,586**	**44,275**
Minority Interest	10	10	10	10	10	10	10
Total Equity	**45,550**	**50,905**	**52,657**	**54,909**	**57,265**	**59,617**	**62,307**
TOTAL LIABILITIES & EQUITY	**571,678**	**665,900**	**679,290**	**726,082**	**699,731**	**715,310**	**730,714**

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**	**3Q12**
Investment banking transactions for third parties, net	69,252	72,038	80,941	75,989	63,075	75,181	74,393
Proprietary Transactions	491,170	634,781	716,846	657,806	744,633	723,322	797,509
Endorsement Guarantees Granted	-	-	-	-	-	-	-
Contingent Assets & liabilites	255	255	255	255	255	255	255
Loan Obligations	3,605	11,243	9,793	9,001	29,865	34,173	36,840
Trusts	127,790	199,649	237,780	246,053	255,618	283,800	307,057
Mandates	2,151	2,220	2,221	2,143	2,788	2,102	2,068
Properties in Trusts and Warrant	129,941	201,868	240,001	248,197	258,405	285,903	309,124
Properties in Custody or Administration	259,670	282,070	296,977	292,080	314,697	280,207	284,304
Uncollected Accrued Interest from Past Due Loans	139	162	159	182	151	168	165
Collateral Received	63,811	98,066	115,709	85,788	104,582	92,225	116,650
Collateral Received or sold	33,748	41,116	53,950	22,303	36,677	30,391	50,170
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**	**871,902**

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	3Q12	2011	9M12
Interest Income	252	248	234	229	221	224	208	964	653
Interest Expense	99	90	76	70	58	55	51	334	164
Charged Fees	8	4	4	5	4	4	4	21	13
Fees Paid	-	-	-	-	-	-	-	-	-
Net Interest Income from interest & fees (NII)	**161**	**163**	**162**	**164**	**168**	**174**	**161**	**650**	**502**
Preventive Provisions for Loan Losses	(0)	43	14	56	23	52	5	113	80
Net Interest Income Adjusted for Credit Risk	**161**	**120**	**148**	**108**	**145**	**122**	**156**	**537**	**423**
Fees for Commercial and Mortgage Loans	3	3	2	2	4	3	3	11	9
Fund Transfers	36	43	44	50	46	50	49	173	145
Account Management Fees	16	16	24	25	20	20	21	80	62
Fiduciary	-	-	-	-	-	-	-	-	-
Other Fees	4	2	3	4	4	4	3	13	11
Income from Real Estate Portfolios	-	-	-	-	-	-	-	-	-
Electronic Banking Services	9	9	9	6	5	6	5	33	16
For Consumer and Credit Card Loans	-	-	-	-	-	-	-	-	-
Fees Charged on Services	**69**	**73**	**83**	**86**	**79**	**83**	**81**	**311**	**243**
Fund transfers	1	1	1	1	1	1	1	5	4
Other Fees	25	28	27	29	26	28	27	108	81
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-
Fees Paid on Services	**26**	**29**	**28**	**30**	**28**	**29**	**28**	**114**	**85**
Foreign Exchange	10	12	14	13	14	15	14	50	43
Securities-Realized Gains	-	3	61	22	7	50	(2)	86	55
Securities-Unrealized Gains	-	-	-	-	-	-	-	-	-
Trading Income	**10**	**15**	**75**	**35**	**21**	**66**	**11**	**136**	**98**
Loan Recoveries	2	3	2	7	4	2	4	14	10
Income from purchased assets	(11)	(9)	(8)	(10)	1	(19)	(5)	(38)	(22)
Other Operating Income	118	(118)	-	-	-	-	-	0	-
Other Operating Expense	(146)	146	-	-	-	-	-	(0)	-
Other Products	11	14	15	14	13	18	19	54	50
Other Recoveries	-	-	-	-	-	-	-	-	-
Other Operating Expense	(0)	(1)	(1)	(1)	(1)	(0)	(3)	(3)	(4)
Total Non Interest Income	**27**	**95**	**138**	**101**	**89**	**121**	**80**	**361**	**290**
Total Operating Income	**188**	**215**	**286**	**209**	**234**	**243**	**235**	**898**	**713**
Personnel	66	67	66	75	77	88	82	274	246
Employee Profit Sharing (PTU)	-	-	-	-	-	-	-	-	-
Professional Fees	26	22	23	25	22	24	29	95	75
Administrative and Promotional Expenses	41	44	47	57	52	53	48	189	153
Rents, Depreciation & Amortization	19	19	21	23	20	21	21	82	62
Taxes other than income tax & non deductible expenses	5	4	5	3	4	5	5	17	14
Contributions to IPAB/Fobaproa	15	9	10	10	9	8	9	43	26
Total Non Interest Expense	**171**	**164**	**172**	**193**	**183**	**199**	**194**	**700**	**576**
Operating Income	**17**	**51**	**115**	**16**	**51**	**45**	**41**	**198**	**137**
Subsidiaries' Net Income	-	-	-	-	-	-	-	-	-
Pre-Tax Income	**17**	**51**	**115**	**16**	**51**	**45**	**41**	**198**	**137**
Income Tax	5	16	39	3	17	15	13	64	45
Tax on Assets	-	-	-	-	-	-	-	-	-
Deferred Income Tax	-	-	-	-	-	-	-	-	-
Taxes	**(5)**	**(16)**	**(39)**	**(3)**	**(17)**	**(15)**	**(13)**	**(64)**	**(45)**
Net Income from Continuos Operations	**12**	**34**	**76**	**12**	**34**	**30**	**28**	**134**	**92**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-
Net Income	**12**	**34**	**76**	**12**	**34**	**30**	**28**	**134**	**92**

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**	**3Q12**
ASSETS							
Cash and Due from Banks	**4,196**	**3,641**	**3,145**	**1,264**	**2,613**	**2,956**	**1,672**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Negotiable Instruments	-	-	-	-	-	-	-
Securities Available for Sale	8,480	8,801	10,266	10,756	10,949	10,802	12,691
Securities Held to Maturity	11	11	12	13	11	12	11
Investment in Securities	**8,491**	**8,812**	**10,279**	**10,769**	**10,960**	**10,814**	**12,703**
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	7,341
Financial Intermediaries´Loans	-	-	-	-	-	-	-
Consumer Loans	175	161	185	217	205	199	186
Mortgage Loans	2,060	2,010	2,204	2,210	1,965	1,866	1,709
Government Entities´Loans	-	-	-	-	-	-	-
Loans granted as Federal Agent	-	-	-	-	-	-	-
Performing Loans	**10,331**	**9,805**	**10,628**	**10,624**	**9,435**	**9,672**	**9,236**
Commercial PDL´s	302	283	258	269	175	64	95
Financial Intermediaries PDL´s	-	-	-	-	-	-	-
Consumer PDL´s	0	0	4	0	-	0	0
Mortgage PDL´s	66	102	202	144	128	30	40
Government Entities PDL´s	-	-	-	-	-	-	-
Past Due Loans	**368**	**386**	**464**	**413**	**303**	**94**	**135**
Gross Loan Portfolio	**10,699**	**10,190**	**11,092**	**11,037**	**9,738**	**9,766**	**9,372**
Preventive Loan Loss Reserves	187	182	162	164	143	67	65
Net Loan Portfolio	**10,512**	**10,009**	**10,930**	**10,873**	**9,595**	**9,699**	**9,307**
Acquired Collection Rights	-	-	-	-	-	-	-
Acquired Collection Rights, Net	-	-	-	-	-	-	-
Total Credit Portfolio	**10,512**	**10,009**	**10,930**	**10,873**	**9,595**	**9,699**	**9,307**
Benef.receivab.securization transactions	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	600	592	702	1,613	661	699	679
Inventories	-	-	-	-	-	-	-
Foreclosed Assets, Net	305	321	562	544	455	461	430
Real Estate, Furniture & Equipment, Net	566	552	642	647	594	617	583
Investment in Subsidiaries	8	8	9	9	148	155	149
Long-term assets held for sale	-	-	-	-	-	-	-
Deferred Taxes, Net	50	63	-	-	48	37	11
Goodwill and Intangibles	3,033	3,147	3,530	3,588	3,172	3,328	3,175
Other Assets Short and Long Term	202	183	310	332	196	186	239
Other Assets	-	-	-	-	-	-	-
	4,764	4,867	5,755	6,734	5,275	5,483	5,266
TOTAL ASSETS	**27,962**	**27,328**	**30,109**	**29,639**	**28,443**	**28,952**	**28,947**

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	3Q12
LIABILITIES							
Demand Deposits	9,441	9,336	10,209	9,841	10,788	10,684	11,482
Time Deposits-Retail	13,223	12,464	13,247	13,034	11,401	11,590	10,805
Time Deposits-Money Market	-	-	-	-	-	-	-
Special Funds	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	-	-	-	-	-
Deposits	**22,664**	**21,800**	**23,456**	**22,875**	**22,189**	**22,273**	22,287
Immediate Redemption Loans	-	-	-	-	-	-	-
Short Term Loans	60	75	91	92	89	101	101
Long Term Loans	-	-	-	-	-	-	-
Due to Banks & Correspondents	**60**	**75**	**91**	**92**	**89**	**101**	**101**
Non-assigned Securities for Settlement	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	5	6	12	6	4	6	5
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**	**5**
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-
Obligations in securitization transactions	-	-	-	-	-	-	-
Income Tax Payable	-	-	-	-	-	28	40
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	385
Other Payable Accounts	**101**	**228**	**186**	**233**	**239**	**314**	**425**
Subordinated Non Convertible Debt	246	242	285	288	264	276	265
Deferred Taxes, Net	-	-	41	42	-	-	-
Deferred Credits	13	16	16	13	12	11	14
TOTAL LIABILITIES	**23,089**	**22,365**	**24,086**	**23,549**	**22,797**	**22,981**	**23,098**
EQUITY							
Paid-in Capital	4,668	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**	**4,668**
Capital Reserves	-	-	-	-	-	-	-
Retained Earnings	344	344	344	344	478	478	478
Surplus (Deficit) of Secs Available for Sale	2	128	218	213	224	255	333
Results from Valuation of Hedging Secs	-	-	-	-	-	-	-
Results from Conversions	(153)	(223)	671	731	242	506	278
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Adjustments in the Employee´s Pensions	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	12	46	122	134	34	64	92
Earned Capital	**205**	**295**	**1,355**	**1,422**	**978**	**1,302**	**1,181**
Minority Interest	-	-	-	-	-	-	-
Total Equity	**4,873**	**4,963**	**6,023**	**6,090**	**5,646**	**5,970**	**5,849**
TOTAL LIABILITIES & EQUITY	**27,962**	**27,328**	**30,109**	**29,639**	**28,443**	**28,952**	**28,947**

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**	**3Q12**
Investment banking transactions for third parties, net	-	-	-	-	-	-	-
Proprietary Transactions	13	12	10	8	12	14	14
Endorsement Guarantees Granted	-	-	-	-	-	-	-
Contingent Assets & liabilites	-	-	-	-	-	-	-
Loan Obligations	13	12	10	8	12	14	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**	**14**

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 September '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	27	35,688	-	1,401	4	348	1,282	-	4,260	5,763
Premium Income (Net)	-	-	-	-	-	6,214	5,895	-	-	-
Interest Expense	-	15,537	-	873	1	2	-	-	2,412	5,561
Net Increase in Technical Reserves	-	-	-	-	-	(76)	6,104	-	-	-
Damages, Claims and Other Obligations	-	-	-	-	-	4,438	1,594	-	-	-
Net Interest Income (NII)	**27**	**20,151**	**-**	**528**	**3**	**2,198**	**(521)**	**-**	**1,848**	**202**
Preventive Provisions for Loan Losses	-	3,736	-	10	-	-	-	-	370	-
Net Interest Income Adjusted for Credit Risk	27	16,415	-	518	3	2,198	(521)	-	1,479	202
Loan Origination Fees	-	7,168	-	15	66	-	-	-	712	815
Fees Paid	0	1,688	-	24	0	1,094	-	-	157	38
Trading Income	-	1,439	-	-	0	99	794	-	561	208
Other Operating Income (Expenses)	-	1,079	-	55	1	454	0	-	116	9
Non Interest Income	**(0)**	**7,997**	**-**	**46**	**68**	**(541)**	**794**	**-**	**1,232**	**993**
Total Operating Income	**27**	**24,412**	**-**	**564**	**71**	**1,657**	**273**	**-**	**2,710**	**1,194**
Administrative and Promotional Expenses	74	15,673	-	90	27	579	164	-	2,005	708
Operating Income	**(48)**	**8,739**	**-**	**474**	**44**	**1,078**	**109**	**-**	**706**	**487**
Subsidiaries' Net Income	7,706	420	-	-	-	6	2	-	(34)	0
Pre-Tax Income	7,658	9,160	-	474	44	1,084	111	-	672	487
Income Tax	-	1,856	-	-	12	306	1	-	255	167
Deferred Income Tax	2	521	-	-	(2)	27	27	-	(46)	(28)
Net Income from Continuos Operations	**7,656**	**6,783**	**-**	**474**	**33**	**751**	**82**	**-**	**463**	**349**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	34	-	-	(0)	(0)	(4)	-	-	-
Net Income	**7,656**	**6,817**	**-**	**474**	**33**	**751**	**78**	**-**	**463**	**349**

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

	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Credits	Final Balance
Interest Income	0	0	333	11	288	49,405	2,427	46	47,023
Premium Income (Net)	-	-	-	-	-	12,109	213	-	11,896
Interest Expense	-	0	256	45	158	24,845	37	2,245	22,638
Net Increase in Technical Reserves	-	-	-	-	-	6,028	-	-	6,028
Damages, Claims and Other Obligations	-	-	-	-	-	6,032	-	-	6,032
Net Interest Income (NII)	**0**	**(0)**	**77**	**(34)**	**130**	**24,608**	**-**	**-**	**24,222**
Preventive Provisions for Loan Losses	-	-	7	77	230	4,429	-	253	4,176
Net Interest Income Adjusted for Credit Risk	0	(0)	70	(111)	(100)	20,179	-	(253)	20,046
Loan Origination Fees	657	7	36	-	22	9,497	1,076	6	8,428
Fees Paid	554	0	8	0	1	3,565	0	1,032	2,534
Trading Income	1	-	-	(75)	-	3,026	128	203	3,102
Other Operating Income (Expenses)	6	0	0	(8)	(88)	1,624	191	223	1,657
Non Interest Income	**110**	**7**	**28**	**(83)**	**(67)**	**10,582**	**1,394**	**(599)**	**10,653**
Total Operating Income	**110**	**7**	**98**	**(194)**	**(168)**	**30,761**	**1,394**	**(851)**	**30,698**
Administrative and Promotional Expenses	23	8	45	15	85	19,496	612	861	19,247
Operating Income	**88**	**(2)**	**53**	**(209)**	**(253)**	**11,266**	**-**	**-**	**11,451**
Subsidiaries' Net Income	2	-	-	0	0	8,103	7,672	-	431
Pre-Tax Income	90	(2)	53	(209)	(253)	19,369	-	-	11,883
Income Tax	23	0	17	-	-	2,637	-	-	2,637
Deferred Income Tax	2	(1)	1	-	(6)	497	47	83	461
Net Income from Continuos Operations	**65**	**(1)**	**35**	**(209)**	**(247)**	**16,235**	**-**	**-**	**8,785**
Extraordinary Items, net	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	(0)	-	-	30	937	-	(907)
Net Income	**65**	**(1)**	**35**	**(209)**	**(247)**	**16,265**	**13,255**	**4,565**	**7,878**

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 September '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	**766**	**58,005**	**-**	**18**	**7**	**49**	**1**	**-**	**4,414**	**844**
Margin Accounts	**-**	**118**	**-**	**-**	**-**	**-**	**-**	**-**	**336**	**-**
Investment in Securities	**17**	**156,769**	**-**	**-**	**85**	**9,034**	**39,962**	**-**	**53,894**	**76,162**
Negotiable Instruments	-	30,786	-	-	31	3,769	335	-	38,782	43,642
Securities Available for Sale	17	67,470	-	-	54	-	30	-	6,896	20,624
Securities Held to Maturity	-	58,513	-	-	-	5,265	39,598	-	8,216	11,896
Debtor Balance in Repo Trans, net	**-**	**6,057**	**-**	**-**	**-**	**0**	**(0)**	**-**	**2,700**	**-**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives For trading purposes	**-**	**14,163**	**-**	**-**	**-**	**-**	**-**	**-**	**6,800**	**-**
Transactions with Derivatives For hedging purposes	**-**	**102**	**-**	**-**	**-**	**-**	**-**	**-**	**210**	**-**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175**	**-**
Gross Loan Portfolio	**-**	**342,635**	**-**	**16,467**	**-**	**-**	**-**	**-**	**30,676**	**-**
Net Loan Portfolio	**-**	**340,706**	**-**	**16,467**	**-**	**-**	**-**	**-**	**30,676**	**-**
Performing Loans	**-**	**343,763**	**-**	**16,542**	**-**	**-**	**-**	**-**	**31,095**	**-**
Commercial Loans	-	146,501	-	14,623	-	-	-	-	20,243	-
Financial Intermediaries´ Loans	-	10,541	-	94	-	-	-	-	3,647	-
Government Entities´ Loans	-	79,056	-	1,823	-	-	-	-	1,420	-
Consumer Loans	-	38,991	-	3	-	-	-	-	4,887	-
Mortgage Loans	-	68,674	-	-	-	-	-	-	898	-
Past Due Loans	**-**	**6,130**	**-**	**146**	**-**	**-**	**-**	**-**	**357**	**-**
Commercial PDL´s	-	4,034	-	103	-	-	-	-	267	-
Financial Intermediaries PDL´s	-	1	-	-	-	-	-	-	0	-
Government Entities PDL´s	-	-	-	43	-	-	-	-	0	-
Consumer PDL´s	-	1,314	-	0	-	-	-	-	69	-
Mortgage PDL´s	-	782	-	-	-	-	-	-	20	-
Preventive Loan Loss Reserves	**-**	**9,187**	**-**	**221**	**-**	**-**	**-**	**-**	**776**	**-**
Acquired Collection Rights	**-**	**1,929**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Account Receivables from Insurance and Annuities	**-**	**-**	**-**	**-**	**-**	**393**	**455**	**-**	**-**	**-**
Premium Debtors (Net)	**-**	**-**	**-**	**-**	**-**	**3,389**	**117**	**-**	**-**	**-**
Account Receivables from Reinsurance	**-**	**-**	**-**	**-**	**-**	**3,552**	**-**	**-**	**-**	**-**
Benef.receivab.securization transactions	**-**	**927**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Sundry Debtors & Other Accs Rec, Net	**10**	**38,616**	**-**	**270**	**68**	**-**	**-**	**-**	**3,443**	**1,427**
Inventories	**-**	**-**	**-**	**-**	**369**	**-**	**-**	**-**	**-**	**-**
Foreclosed Assets, Net	**-**	**2,258**	**-**	**-**	**-**	**8**	**-**	**-**	**321**	**-**
Real Estate, Furniture & Equipment, Net	**-**	**8,441**	**-**	**1,782**	**55**	**196**	**2**	**-**	**457**	**57**
Investment in Subsidiaries	**66,216**	**4,411**	**-**	**-**	**-**	**89**	**19**	**-**	**3**	**12**
Deferred Taxes, Net	**4**	**-**	**-**	**-**	**-**	**100**	**0**	**-**	**311**	**-**
Total other Assets	**11,045**	**9,342**	**-**	**3**	**23**	**416**	**5**	**-**	**250**	**408**
Goodwill	9,706	4,027	-	-	-	2	2	-	-	-
Intangible	1,338	1,406	-	3	16	-	-	-	226	61
Other Assets	-	3,910	-	-	7	414	3	-	24	347
TOTAL ASSETS	**78,057**	**641,842**	**-**	**18,539**	**607**	**17,226**	**40,562**	**-**	**103,990**	**78,911**

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 September '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**	**13**	**6**	**2**	**61**	**64,186**	**27**	**3,112**	**61,102**
Margin Accounts	**-**	**-**	**-**	**-**	**-**	**453**	**-**	**-**	**453**
Investment in Securities	**63**	**-**	**-**	**144**	**-**	**336,129**	**110**	**1,178**	**335,062**
Negotiable Instruments	63	-	-	6	-	117,414	2	369	117,047
Securities Available for Sale	-	-	-	30	-	95,121	-	571	94,549
Securities Held to Maturity	-	-	-	108	-	123,595	109	237	123,466
Debtor Balance in Repo Trans, net	**-**	**-**	**-**	**-**	**-**	**8,757**	**-**	**-**	**8,757**
Securities Lending	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transactions with Derivatives For trading purposes	**-**	**-**	**-**	**-**	**-**	**20,963**	**-**	**1,088**	**19,875**
Transactions with Derivatives For hedging purposes	**-**	**-**	**-**	**-**	**-**	**311**	**-**	**4**	**308**
Valuation adjustments for Asset Coverage	**-**	**-**	**-**	**-**	**-**	**175**	**-**	**-**	**175**
Gross Loan Portfolio	**-**	**-**	**183**	**830**	**3,522**	**394,312**	**976**	**5,928**	**389,360**
Net Loan Portfolio	**-**	**-**	**183**	**148**	**3,320**	**391,500**	**815**	**5,549**	**386,766**
Performing Loans	**-**	**-**	**161**	**83**	**2,762**	**394,406**	**801**	**5,446**	**389,761**
Commercial Loans	-	-	99	83	2,427	183,976	717	188	184,506
Financial Intermediaries´ Loans	-	-	-	-	-	14,282	-	5,238	9,045
Government Entities´ Loans	-	-	-	-	-	82,299	1	11	82,289
Consumer Loans	-	-	62	-	-	43,943	56	8	43,990
Mortgage Loans	-	-	-	-	335	69,906	27	1	69,933
Past Due Loans	**-**	**-**	**51**	**204**	**792**	**7,681**	**13**	**103**	**7,591**
Commercial PDL´s	-	-	26	204	722	5,356	10	39	5,327
Financial Intermediaries PDL´s	-	-	4	-	-	5	-	-	5
Government Entities PDL´s	-	-	-	-	-	44	0	-	44
Consumer PDL´s	-	-	21	-	-	1,404	1	9	1,397
Mortgage PDL´s	-	-	-	-	70	872	2	56	818
Preventive Loan Loss Reserves	**-**	**-**	**30**	**139**	**234**	**10,586**	**-**	**-**	**10,586**
Acquired Collection Rights	**-**	**-**	**-**	**682**	**201**	**2,812**	**161**	**379**	**2,595**
Account Receivables from Insurance and Annuities	**-**	**-**	**-**	**-**	**-**	**848**	**-**	**-**	**848**
Premium Debtors (Net)	**-**	**-**	**-**	**-**	**-**	**3,507**	**-**	**-**	**3,507**
Account Receivables from Reinsurance	**-**	**-**	**-**	**-**	**-**	**3,552**	**-**	**-**	**3,552**
Benef.receivab.securization transactions	**-**	**-**	**-**	**-**	**13**	**940**	**-**	**-**	**940**
Sundry Debtors & Other Accs Rec, Net	**99**	**11**	**26**	**4**	**17**	**43,990**	**61**	**12,807**	**31,244**
Inventories	**-**	**-**	**-**	**-**	**-**	**369**	**-**	**-**	**369**
Foreclosed Assets, Net	**-**	**-**	**0**	**110**	**450**	**3,148**	**27**	**201**	**2,974**
Real Estate, Furniture & Equipment, Net	**0**	**1**	**709**	**6**	**6**	**11,713**	**212**	**29**	**11,896**
Investment in Subsidiaries	**122**	**-**	**-**	**12**	**-**	**70,884**	**767**	**67,081**	**4,570**
Deferred Taxes, Net	**1**	**1**	**19**	**36**	**97**	**569**	**83**	**652**	**-**
Total other Assets	**2**	**4**	**43**	**2**	**32**	**21,577**	**1,103**	**741**	**21,939**
Goodwill	-	-	-	-	-	13,737	1,100	731	14,105
Intangible	1	4	43	2	31	3,133	-	-	3,133
Other Assets	1	-	-	-	1	4,707	3	10	4,700
TOTAL ASSETS	**289**	**31**	**985**	**1,146**	**4,198**	**986,384**	**3,367**	**92,820**	**896,931**

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 September '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	-	357,984	-	-	-	-	-	-	37,414	-
Demand Deposits	-	181,694	-	-	-	-	-	-	14,857	-
Time Deposits	-	172,395	-	-	-	-	-	-	22,557	-
Time Deposits-Retail	-	156,507	-	-	-	-	-	-	22,557	-
Time Deposits-Money Market	-	15,888	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	3,895	-	-	-	-	-	-	-	-
Due to Banks & Correspondents	-	22,146	-	15,129	325	-	-	-	6,774	-
Immediate Redemption Loans	-	2,278	-	-	-	-	-	-	996	-
Short Term Loans	-	16,111	-	10,876	325	-	-	-	5,776	-
Long Term Loans	-	3,757	-	4,253	-	-	-	-	2	-
Technical Reserves	-	-	-	-	-	10,263	39,061	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	136,449	-	-	-	-	-	-	27,255	74,881
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	111	-	-	-	-	-	-	-	1
Transactions with Derivatives for trading purposes	-	13,557	-	-	-	-	-	-	6,924	-
Transactions with Derivatives for hedging purposes	-	4,467	-	-	-	-	-	-	148	-
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-	(217)	-
Payable Accounts for Reinsurance	-	-	-	-	-	1,448	-	-	-	-
Other Payable Accounts	0	30,445	-	461	24	2,463	142	-	17,278	1,761
Income Tax Payable	-	961	-	-	2	353	1	-	266	148
Profit Sharing Payable	-	508	-	-	-	-	-	-	63	19
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	18,220	-	-	-	-	-	-	15,402	1,157
Obligations in securitization transactions	-	-	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	0	10,756	-	461	21	2,109	141	-	1,547	437
Subordinated Non Convertible Debt	-	16,252	-	-	-	-	-	-	3,173	-
Deferred Taxes, Net	-	451	-	-	3	-	134	-	-	21
Deferred Credits	-	2,786	-	96	-	-	-	-	132	-
TOTAL LIABILITIES	0	584,646	-	15,686	352	14,174	39,338	-	98,880	76,664
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	46,449	43,207	-	2,548	168	2,343	830	-	1,068	1,049
Capital Reserves	3,224	6,473	-	341	30	376	121	-	230	185
Retained Earnings	37,827	32,632	-	1,733	103	1,176	632	-	238	280
Surplus (Deficit) of Secs Available for Sale	959	713	-	-	2	40	(1)	-	137	211
Results from Valuation of Hedging Secs	(2,750)	(2,903)	-	-	-	-	-	-	0	-
Results from Conversions	(467)	(525)	-	-	-	-	-	-	-	25
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-	-
Net Income	7,656	6,817	-	474	33	751	78	-	463	349
Minority Interest	-	10	-	-	0	0	69	-	-	-
Total Equity	78,057	57,197	-	2,854	256	3,052	1,224	-	5,110	2,247
TOTAL LIABILITIES & EQUITY	78,057	641,842	-	18,539	607	17,226	40,562	-	103,990	78,911

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 September '12

(Million Pesos)

LIABILITIES	IXE Fondos	IXE Servicios	IXE Automotriz	IXE Soluciones	Fincasa Hipotecaria	Total	Charges	Credits	Final Balance
Deposits	-	-	-	-	2,506	397,904	2,374	-	395,531
Demand Deposits	-	-	-	-	-	196,551	315	-	196,237
Time Deposits	-	-	-	-	-	194,952	2,059	-	192,893
Time Deposits-Retail	-	-	-	-	-	179,064	1,268	-	177,795
Time Deposits-Money Market	-	-	-	-	-	15,888	791	-	15,098
Senior Unsecured Debt	-	-	-	-	2,506	6,401	-	-	6,401
Due to Banks & Correspondents	-	-	562	942	927	46,804	6,221	8	40,590
Immediate Redemption Loans	-	-	-	-	-	3,274	996	-	2,278
Short Term Loans	-	-	498	942	758	35,285	3,829	-	31,456
Long Term Loans	-	-	64	-	169	8,245	1,397	8	6,856
Technical Reserves	-	-	-	-	-	49,324	-	-	49,324
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	-	-	-	-	-	238,585	-	-	238,585
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-	-
Collateral sold or pledged as collateral	-	-	-	-	-	112	-	-	112
Transactions with Derivatives for trading purposes	-	-	-	-	-	20,481	1,088	-	19,393
Transactions with Derivatives for hedging purposes	-	-	-	-	-	4,614	4	-	4,610
Valuation adjustments for financial liability coverage	-	-	-	-	-	(217)	-	-	(217)
Payable Accounts for Reinsurance	-	-	-	-	-	1,448	-	-	1,448
Other Payable Accounts	92	10	66	10	104	52,855	12,956	127	40,027
Income Tax Payable	3	1	6	-	-	1,742	-	-	1,742
Profit Sharing Payable	5	0	-	-	2	597	-	-	597
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	-	-	34,779	12,527	-	22,253
Obligations in securitization transactions	-	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	84	8	61	10	102	15,737	429	127	15,436
Subordinated Non Convertible Debt	-	-	-	-	-	19,425	-	-	19,425
Deferred Taxes, Net	-	-	-	-	-	610	652	544	501
Deferred Credits	-	-	45	4	31	3,093	8	-	3,085
TOTAL LIABILITIES	92	10	673	955	3,567	835,037	23,303	679	812,413
EQUITY									
Subscribed Capital	112	24	220	577	845	54,034	22,834	171	31,371
Paid-in Capital	112	24	220	577	845	32,155	19,087	3	13,070
Share Subscription Premiums	-	-	-	-	-	21,880	3,747	168	18,301
Earned Capital	84	(3)	90	(386)	(215)	97,232	51,680	1,287	46,840
Capital Reserves	6	2	23	0	44	11,056	7,832	-	3,224
Retained Earnings	12	(4)	32	(172)	(12)	74,477	37,013	785	38,249
Surplus (Deficit) of Secs Available for Sale	-	-	(0)	(5)	-	2,055	1,349	-	706
Results from Valuation of Hedging Secs	-	-	-	-	-	(5,653)	(2,903)	-	(2,750)
Results from Conversions	-	-	-	-	-	(967)	(500)	-	(467)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-	-
Net Income	65	(1)	35	(209)	(247)	16,265	8,889	502	7,878
Minority Interest	0	-	2	-	-	82	-	6,226	6,307
Total Equity	196	21	312	190	631	151,348	74,514	7,684	84,518
TOTAL LIABILITIES & EQUITY	289	31	985	1,146	4,198	986,384	97,817	8,364	896,931

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. GFNorte opted to apply the methodology as of September 30th, 2011 in the case of the Banorte loan portfolio and as of December 31st for the other subsidiaries.

- **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 3Q12 a negative net effect results in the individual Holding´s net income for $25 million.

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

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

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

Some of the effects recorded in 2012 from the application of the Agreement which became effective as of the date it was entered into are presented below.

As at September 2012, the total amount of the Federal Government's payment obligations with respect to commercial loans amounted to $84, which includes $82 corresponding to the conditioned discount portion derived from loans denominated in local currency and in UDIS, and $2 related to the discount applied to loans referred to in number 3.1.2 of Circular 1430.

As at September 30th, 2012, the Federal Government's obligations under the Agreement were:

	Payment date	Amount
Third amortization	June 1st, 2013	$28
Fourth amortization	June 1st, 2014	28
Fifth amortization	June 1st, 2015	28
		$84

Each amortization will include a monthly financial cost as of the day immediately following the cut-off date and until the end of the month immediately preceding the payment date of each, using, for the month of January 2011, the rate corresponding to the arithmetic average of annual rates of return calculated on the basis of the discount rate of the 91-day Cete issued in December 2010, and for subsequent months 91-day CETES future rates corresponding to the immediately preceding month published by the company Proveedor Integral de Precios, S.A., the working day immediately following the cut-off date, or else that of the closest previous month contained in said publication, taken to the 28-day curve, and dividing the resulting rate by 360, multiplying the result by the number of days that have effectively elapsed during the due period, and applying monthly capitalization.

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

	2010
Start balance	$19
Holding company support	67
Haircuts, discounts and cancellations	14
Reserve reclassification	(9)
Contributions to settle trust liabilities	1
End balance	**$92**

2012 results recognized $9 in relation to end point and GFNorte support (asset recovery area exit model) corresponding to loans that were not part of the program.

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

The amount corresponding to the repurchase of SPECIAL CETES was $13, the outstanding balance of SPECIAL CETES that has not been repurchased by the Federal Government as at September 30th, 2012 is 818 with maturities of between 2017 and 2027.

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

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

LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

As instructed by the CNBV in the document 601-II-323110, we show the integration of the loan portfolio sold in 1Q03 by Banorte to its subsidiary Sólida Administradora de Portafolios, S.A. de C.V. The Purpose of this sale was to concentrate the portfolio in this specialized recovery unit as it had been managing the collections of these loans previously. This was a one-time operation.

	Local Currency			Foreign Currency (USD)			Total		
(Million of Nominal Pesos)	Aug-02	Jun-12	Sep-12	Aug-02	Jun-12	Sep-12	Aug-02	Jun-12	Sep-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	14	13	0	0	0	54	14	13
Total	**59**	**14**	**13**	**5**	**0**	**0**	**64**	**14**	**13**
Non Performing Loans									
Commercial	405	303	301	293	113	108	698	416	409
Consumer	81	72	72	0	0	0	81	72	72
Mortgage	1,112	296	291	0	0	0	1,112	296	291
Total	**1,598**	**671**	**664**	**293**	**113**	**108**	**1,891**	**784**	**772**
TOTAL LOANS	**1,657**	**685**	**677**	**298**	**113**	**108**	**1,955**	**798**	**785**
Loan Loss Reserves (1)									
Commercial	326	303	301	246	113	108	572	416	409
Consumer	77	72	72	0	0	0	77	72	72
Mortgage	669	300	300	0	0	0	669	300	300
Total	**1,072**	**675**	**673**	**246**	**113**	**108**	**1,318**	**788**	**781**

(1) Reserve requirements using the same classification method used for the bank.
(*)There was a Reserve deficit of Ps 38 million as of September 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 3Q12 the Loan portfolio showed changes due to: collections of Ps $4.5 million, repossessed assets of Ps $1.8 million, restructurings of Ps $1.0 million and there were charge offs and discounts of Ps. $61.8 million. In the Loan loss provisions, there were charge offs and discounts of Ps $2.9 million. There were transfers from performing loans to past due loans of Ps $0.3 million and transfers from past due loans to performing loans of Ps $0.8 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)	**Jun-12**	**Sep-12**	**Jun-12**	**Sep-12**	**Jun-12**	**Sep-12**
Performing Loans						
Commercial	221,921	226,763	18,971	18,920	240,892	245,683
Consumer	20,518	23,296	0	0	20,518	23,296
Mortgage	64,773	66,978	0	0	64,773	66,978
Government	0	0	0	0	0	0
Fobaproa / IPAB	0	0	0	0	0	0
Performing Loans	**307,212**	**317,037**	**18,971**	**18,920**	**326,183**	**335,957**
Non Performing Loans						
Commercial	3,739	3,931	415	417	4,154	4,348
Consumer	656	555	0	0	656	555
Mortgage	984	1,033	0	0	984	1,033
Government	0	0	0	0	0	0
Non Performing Loans	**5,379**	**5,519**	**415**	**417**	**5,794**	**5,936**
TOTAL LOANS	**312,591**	**322,556**	**19,386**	**19,337**	**331,977**	**341,893**
Loan Loss Reserves	**7,045**	**7,192**	**479**	**461**	**7,524**	**7,653**
Net Loan Portfolio	**305,546**	**315,364**	**18,907**	**18,876**	**324,453**	**334,240**
Loan Loss Reserves					**130%**	**129%**
% Past Due Loans					**1.75%**	**1.74%**

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 3Q12

(Million Pesos)

NEGOTIABLE INSTRUMENTS	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	90,949	600	91,533	(16)
Unrestricted	4,702	24	4,728	2
Cetes	1,838	11	1,849	0
Bonds	294	3	297	0
Bondes	1,883	4	1,888	1
Bpas	332	1	334	0
Brems	-	-	-	-
UMS	10	0	10	0
Udibonds	346	5	351	0
Stock Certificates	-	-	-	-
Restricted	86,247	577	86,805	(18)
Cetes	7,932	-	7,932	(1)
Bonds	14,062	48	14,107	(4)
Bondes	2,997	5	3,000	(2)
Bpas	53,681	413	54,060	(34)
Brems	-	-	-	-
UMS	-	-	-	-
Udibonds	7,575	111	7,707	21
Stock Certificates	-	-	-	-
Banking Securities	19,572	60	19,733	101
Unrestricted	4,653	16	4,672	3
Notes	1,452	10	1,462	0
CEDES	257	0	258	0
Bonds	-	-	-	-
Stock Certificates	2,098	6	2,104	(0)
Other Banking Securities	846	0	849	3
Restricted	14,919	44	15,061	98
Notes	-	-	-	-
CEDES	3,515	11	3,527	1
Other Banking Securities	2,162	7	2,179	10
Stock Certificates	9,241	27	9,355	87
Private	5,686	21	5,725	18
Unrestricted	2,870	14	2,842	(41)
Commercial Paper Pesos	0	-	0	0
Commercial Paper U.S. Dollars	-	-	-	-
PEMEX	3	0	3	0
EUROBONDS	65	0	69	4
Stock Certificates	2,061	14	2,075	0
Subordinated paper	-	-	-	-
Securities	639	-	592	(47)
Other securities	102	0	103	1
Restricted	2,816	7	2,882	59
Stock Certificates	1,487	4	1,533	42
PEMEX	-	-	-	-
Other	1,329	3	1,350	17
Foreign Government	40	0	40	(0)
Unrestricted	1	0	1	(0)
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	1	0	1	(0)
Other securities	-	-	-	-
Restricted	39	-	39	-
Treasury Bonds	-	-	-	-
Treasury Bill	-	-	-	-
Treasury Notes	39	-	39	-
Other securities	-	-	-	-
Shares listed in the SIC	15	-	15	0
Guarantee (collateral) for futures	-	-	-	-
Mutual Funds	-	-	-	-
Total	116,262	682	117,047	103

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

SECURITIES HELD FOR SALE 3Q12 (Million Pesos)				
SECURITIES HELD FOR SALE	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Government Securities	69,701	530	70,652	421
Unrestricted	12,568	32	12,986	385
Government Securities	12,292	31	12,691	369
Bonds	-	-	-	-
Bondes	-	-	-	-
Bpas	-	-	0	0
Udibonds	20	0	30	10
Mexican Government Securities (UMS)	118	1	123	4
Treasury Bonds	-	-	-	-
Treasury Notes	139	0	142	3
Restricted	57,133	498	57,667	36
Government Securities	-	-	-	-
Bonds	3,715	71	3,801	14
Bondes	23,853	46	23,869	(29)
Bpas	29,565	381	29,997	51
Mexican Government Securities (UMS)	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Banking Securities	8,409	22	8,418	(13)
Unrestricted	209	-	201	(8)
Stock Certificates	-	-	-	-
CEDES	-	-	-	-
Structured Notes	209	-	201	(8)
Restricted	8,201	22	8,217	(5)
CEDES	1,627	5	1,632	0
Stock Certificates 94	6,573	17	6,585	(6)
Private	14,496	91	15,478	892
Unrestricted	6,841	21	7,008	146
GFNorte's Stock	-	-	-	-
BMV's Stock	-	-	-	-
Private company bonds	-	-	-	-
EUROBONDS	363	19	395	14
Stock Certificates	313	1	300	(13)
PEMEX	269	1	281	10
CPO	21	0	19	(2)
Other securities	5,874	-	6,012	138
Restricted	7,655	70	8,470	746
GFNorte's Stock	(232)	-	-	232
BMV's Stock	-	-	-	-
Private company bonds	1,141	16	1,299	142
EUROBONDS	-	-	-	-
Stock Certificates 91	4,239	10	4,253	4
PEMEX	2,220	43	2,487	225
Mutual Funds	-	-	-	-
Other securities	288	-	430	142
Total	92,606	643	94,549	1,300

BANORTE

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 3Q12

(Million Pesos)

Securities Held to Maturity	BOOK VALUE	INTEREST	MARKET VALUE	UNREALIZED GAIN (LOSS)
Special Cetes	816	3	819	-
Government Securities	86,777	755	87,532	-
Unrestricted	32,788	409	33,197	-
Cetes	-	-	-	-
Bonds	1,689	36	1,725	-
Bondes	-	-	-	-
Bpas	348	4	352	-
UMS	276	3	279	-
Udibonds	29,851	347	30,198	-
Stock Certificates	623	19	642	-
Restricted	53,989	346	54,335	-
Cetes	-	-	-	-
Bonds	1	0	1	-
Bondes	7,194	22	7,216	-
Bpas	44,691	299	44,990	-
UMS	2,103	26	2,129	-
Udibonds	0	-	0	-
Stock Certificates	0	-	0	-
Banking Securities	14,220	1,080	15,301	-
Unrestricted	11,445	1,073	12,518	-
Notes	547	65	612	-
CEDES	1,885	661	2,547	-
Bonds	100	1	101	-
Stock Certificates	7,485	279	7,764	-
Other Banking Securities	1,367	67	1,433	-
Subordinated Paper	60	0	60	-
Restricted	2,775	8	2,783	-
Notes	-	-	-	-
CEDES	-	-	-	-
Bonds	-	-	-	-
Stock Certificates	988	2	990	-
Other Banking Securities	1,788	6	1,793	-
Private	19,957	84	20,041	-
Unrestricted	6,748	44	6,792	-
Bonds	-	-	-	-
Securities	-	-	-	-
PEMEX	248	2	251	-
EUROBONDS	408	9	418	-
Stock Certificates	6,065	32	6,097	-
Other securities	8	0	8	-
CPOs	19	0	19	-
Sructured Notes	-	-	-	-
Restricted	13,209	40	13,249	-
Bonds	-	-	-	-
PEMEX	3,089	17	3,106	-
EUROBONDS	-	-	-	-
Stock Certificates	9,673	23	9,696	-
Sructured Notes	447	1	448	-
Other Debt Securities	-	-	-	-
Government Securities	11	0	11	-
Subordinated paper	(237)	-	(237)	-
Total	121,544	1,922	123,466	-

BANORTE

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

REPURCHASE AGREEMENT OPERATIONS 3Q12

(Million Pesos)

	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
SALES	**RECEIVABLES ON**	**SECURITIES TO BE**	**GLOBAL POSITION**	**ASSET BALANCE**	**LIABILITY BALANCE**
Goverment Securities	-	195,392	(195,392)	-	195,392
Banking Securities	-	25,974	(25,974)	-	25,974
Private Securities	-	17,218	(17,218)	-	17,218
Total	**-**	**238,585**	**(238,585)**	**-**	**238,585**

	MARKET VALUE			FINANCIAL STATEMENT INDIVIDUAL COMPENSATION	
PURCHASES	**RECEIVABLES ON REPURCHASE**	**SECURITIES TO BE DELIVERED**	**GLOBAL POSITION**	**ASSET BALANCE**	**LIABILITY BALANCE**
Goverment Securities	39,797	31,081	8,717	8,719	2
Banking Securities	5,893	5,900	(8)	0	8
Private Securities	12,018	12,081	(63)	38	102
Total	**57,708**	**49,062**	**8,646**	**8,757**	**112**
					238,696

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

DERIVATES FINANCIAL INSTRUMENTS OPERATIONS 3Q12 (Million Pesos)					
INSTRUMENT	TO RECEIVE	TO DELIVER	NET	DEBTOR BALANCE	CREDITOR BALANCE
FUTURES					
Futures' Rates	87,998	(88,000)	(2)	-	-
Over Inflation (INPC)	-	-	-	-	-
Total	87,998	(88,000)	(2)	3	5
FORWARD FX	AGREED PRICE	MARKET VALUE	VALUATION		
Negotiable					
Purchases	13,097	(13,526)	(429)	-	-
Sells	(7,364)	7,809	445	-	-
Total	5,733	(5,717)	16	367	351
Hedging					
Purchases	-	-	-	-	-
Sells	-	-	-	-	-
Total	-	-	-	-	-
SWAPS					
Negotiable					
Capital	79,175	(79,306)	(131)	-	-
Interest Rate	1,649	(1,632)	16	-	-
Valuation	103,316	(102,935)	382	-	-
Subtotal	184,140	(183,873)	267	19,846	19,578
Hedging					
Capital	10,225	(11,228)	(1,003)		-
Interest Rate	138	(278)	(140)	-	-
Valuation	9,133	(12,309)	(3,176)	-	-
Subtotal	19,496	(23,815)	(4,319)	295	4,614
OPTIONS					
Negociable - Assets					
Swaptions	-	-	-	-	-
Rate Options	1,054	(306)	748	-	-
Fx	-	-	-	-	-
Index Options (IPC)	-	-	-	-	-
Total	1,054	(306)	748	748	-
Hedging - Assets					
Swaptions	-	-	-	-	-
Rate Options	118	(101)	16	-	-
Index Options (IPC)	-	-	-	-	-
Total	118	(101)	16	16	-
Negotiable - Liability					
Swaptions	-	-	-	-	-
Fx	(2)	1	(0)	-	-
Rate Options Fx	(914)	367	(547)	-	-
Index Options (IPC)	-	-	-	-	-
Total	(916)	369	(547)	-	547
Intercompany Operations	-	-	-	-	-
Negotiable	-	-	-	(1,088)	(1,088)
Hedging	-	-	-	(4)	(4)
Debtor Balance				20,182	-
Creditor Balance			-		24,003

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 3Q12- Banorte

(Million Pesos)

PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases	Exchange Rate (Dollar)	3,061
FX Forwards	Sales	Exchange Rate (Dollar)	2,474
FX Options	Purchases	Exchange Rate (Dollar)	-
FX Options	Sales	Exchange Rate (Dollar)	233
Interest Rate Options	Purchases	TIIE	55,478
Interest Rate Options	Sales	TIIE	72,493
Interest Rate Options	Purchases	LIBOR	1,619
Interest Rate Options	Sales	LIBOR	1,579
Interest Rate Options	Swaption Purchases	LIBOR	-
Interest Rate Swaps	USD LIBOR S 3M	LIBOR	83,965
Interest Rate Swaps	MXN TIIE	TIIE	664,199
FX Swaps	CS EURMXN	FIX/FIX	1,659
FX Swaps	CS UDIMXN	UDI	170
FX Swaps	CS USDCETE	CETE	1,287
FX Swaps	CS USDMXN	FIX/FIX	35,748

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 3Q12- Ixe

(Million Pesos)

PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases/ Sales	Exchange Rate (Dollar)	7,335
FX Forwards	Purchases/ Sales	Exchange Rate (EUR)	109
FX Forwards	Purchases/ Sales	Exchange Rate (CAD)	183
FX Options	Purchases	Exchange Rate (Dollar)	68
FX Options	Sales	Exchange Rate (Dollar)	68
Interest Rate Options	Purchases/ Sales	TIIE	18,649
Interest Rate Options	Purchases/ Sales	LIBOR	818
Interest Rate Swaps	USD LIBOR	LIBOR 3M,6M	5,528
Interest Rate Swaps	MXN TIIE	TIIE	213,358
FX Swaps	CS USDMXN	FIX/VARIABLE	16,057
FX Swaps	Purchases/ Sales	Exchange Rate (Dollar)	2,681
FX Swaps	Purchases/ Sales	Exchange Rate (EUR)	99
FX Swaps	Purchases/ Sales	Exchange Rate (CAD)	70

LOAN PORTFOLIO (Million Pesos)	Local Currency		UDIS		Foreign Currency		Total	
	3Q11	3Q12	3Q11	3Q12	3Q11	3Q12	3Q11	3Q12
Performing Loans								
Commercial Loans	129,705	153,860	0	-	29,677	30,646	159,383	184,506
Financial Intermediaries´ Loans	8,423	7,757	-	-	700	1,287	9,123	9,045
Consumer Loans	32,189	43,804	0	-	185	186	32,373	43,990
Mortgage Loans	59,835	68,041	222	182	2,205	1,710	62,262	69,933
Government Entities´ Loans	63,072	82,226	-	-	23	63	63,095	82,289
Total	**293,225**	**355,687**	**222**	**182**	**32,790**	**33,893**	**326,237**	**389,761**
Past Due Loans								
Commercial Loans	4,310	4,913	6	7	457	407	4,774	5,327
Financial Intermediaries´ Loans	6	5	-	-	-	0	6	5
Consumer Loans	1,376	1,328	-	0	5	69	1,381	1,397
Mortgage Loans	1,075	745	15	14	202	60	1,291	818
Government Entities´ Loans	500	44	-	-	-	0	500	44
Total	**7,267**	**7,034**	**21**	**20**	**664**	**536**	**7,953**	**7,591**
Total Propietary Loans	**300,492**	**362,721**	**243**	**202**	**33,454**	**34,429**	**334,189**	**397,352**

COST OF BALANCES OF FINAPE, FOPIME, MORTGAGE UDIS AND MORTGAGE FOVI LOAN PORTFOLIOS AS OF 3Q12- GFNorte (Million Pesos)	TOTAL	
	PERIOD COST	PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	8.9	0.0
Mortgage FOVI	-	-
	8.9	**0.0**

At closing of this quarter the balance in debtors support programs totaled Ps 8.9 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	4,543
Total Loans	422,366
Distressed Portfolio / Total Loans	**1.1%**

DEFERRED TAXES 3Q12 (Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Excess of preventive reserves accounts over the fiscal limit	367	103	**470**
Ixe's AAA Portfolio	164	-	**164**
Non deductible provisions and cumulative income	211	59	**271**
Excess of accounting value over fiscal value on Reposessed Assets	448	56	**504**
Diminishable profit sharing	213	83	**296**
Fees received in advance	216	31	**248**
Tax losses pending amortization	110	-	**110**
Provisions for possible loss in loans	65	-	**65**
Earnings per Society	3	-	**3**
State Tax on Assets Deferred	8	-	**8**
Loss on sale of foreclosed assets and credits	104	-	**104**
Decline in value of real estate	31	-	**31**
Interest on Loans	13	-	**13**
Reserve for employee retirement benefits	3	-	**3**
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	649	-	**649**
Additional Obligations for Employee benefits	-	-	**-**
Other	4	-	**4**
Total Assets	2,802	333	**3,134**
LIABILITIES			
Accrued interest and inflationary component of Fixed Assets, Foreclosed, Intangible & Others	-	-	**-**
Pension Funds Contribution	(783)	(270)	**(1,053)**
Loan Portfolio Acquisitions	(367)	(91)	**(458)**
Projects to be capitalized	(294)	(106)	**(400)**
Effects from valuation of instruments	(101)	(34)	**(135)**
Dividends Federal Home Loan Bank	(6)	-	**(6)**
Intangibles' amortizations	(29)	-	**(29)**
Unrealized Loss on Securities held for Sale	(129)	-	**(129)**
Reversal of Sale Costs	-	-	**-**
Increase for securities' valuation	(886)	-	**(886)**
Receivable interest from securities	(9)	-	**(9)**
Investment of reserves for obligations	(1)	-	**(1)**
Current Account Agents	(16)	-	**(16)**
Savings' Inventory	(10)	-	**(10)**
Savings' Inventory	(461)	-	**(461)**
Other	(43)	-	**(43)**
Total Liabilities	(3,135)	(501)	**(3,635)**
Assets (Liabilities) Accumulated Net	(333)	(168)	**(501)**

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 SEPTEMBER '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	2,574	15 years	6.862%	13-Apr-21	E/180 days
Senior Notes Due 2010	USD	19-jul-10	300	3,875	3,861	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	2,149	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 SEPTEMBER '12- BANCO MERCANTIL

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	1,544	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	1,544	10 años	9.25%	14-oct-20	E/180 days

BANK AND OTHER ENTITIES LOANS' AS OF 3Q12

(Million Pesos)

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
LOANS FROM LOCAL BANKS		3,273	3,273
LOANS FROM LOCAL BANKS - Banco Mercantil		2,277	2,277
LOANS FROM LOCAL BANKS - Ixe Banco		996	996
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY		-	-
LOANS FROM FOREIGN BANKS GENERATED FROM FOREIGN COUNTRY		101	101
LOANS FROM DEVELOPMENT BANKS	14,517	2,550	17,067
LOANS FROM PUBLIC FUNDS	6,641	411	7,052
CALL MONEY & LOANS FROM BANKS	18,997	-	18,997
LOANS FROM FIDUCIARY FUNDS	238		238
PROVISIONS FOR INTEREST		76	76
	40,394	**6,410**	**46,804**
ELIMINATIONS			(6,213)
Total			**40,590**

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

TRADING INCOME 3Q12 Million Pesos	
VALUATION EFFECTS	
Negotiable Instruments	828
Repurchase Agreements	-
Derivative instruments	627
Futures	(71)
From repo transactions	-
Range	-
Inflation Adjustment	-
Total	**1,384**
Dividends Received	**(128)**
Negotiable Instruments	732
Securities Held for Sell	226
Securities Held to Maturity	16
Derivative Operations	(198)
Inflation Adjustment	-
Total of Buying and Selling Instruments	776
FX Spot	1,045
FX Forwards	-
FX Futures	-
FX Futures TIIE	-
FX Hedging	-
Changes in FX Valuation	19
Intermediation of metals	4
Changes in valuation of metals	1
Intermediation of received collateral	0
Total Foreign Exchange	1,069
Inflation Adjustment	**-**
Total of Buying and Selling	**1,846**
Total Trading Income	**3,102**

- **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 September 30st, 2012, the Banco Mercantil del Norte total portfolio was Ps 341.11 billion. 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 –July-September 2012.

Banorte- Ixe's Brokerage House, the credit exposure of investments is Ps 75.25 billion and the expected loss represents 0.01% of the exposure. The average expected loss is 0.01% between July-September 2012.

The total portfolio of Arrendadora and Factor is Ps 18.47billion. Prospective losses represent 0.7% and unforeseen losses 2.6% of the total operating portfolio. The prospective loss average represents 0.7% in the period of July-September 2012.

The total portfolio of IXE Banco was Ps 31.45 billion to September 30th, 2012. The estimated loss of the portfolio represents 2.5% and the unexpected loss 0.5%. The estimated loss average for the period of July-September 2012 was 2.6%.

The total portfolio of IXE Automotriz including pure lease is Ps. 921 million. The estimated loss represents 3.9% and the unexpected loss 0.8% both with regard to the total performing portfolio. The estimated loss average represents 4.4% for the period of July-September 2012.

The total portfolio of Fincasa Hipotecaria (Mortgages) is Ps. 3.55 billion . The estimated loss represents 6.0% and the unexpected loss 6.7% both with regard to the total performing portfolio. The estimated loss average represents 5.6% for the period of July-September 2012.

The total portfolio of IXE Soluciones is Ps 287 million. The estimated loss represents 48.4% and the unexpected loss 53.7% both with regard to the total performing portfolio. The estimated loss average represents 44.6% for the period of July-September 2012.

The total portfolio of Banorte-Ixe Tarjetas is Ps 16.34 billion. The estimated loss represents 10.7% and the unexpected loss 11.0% both with regard to the total performing portfolio. The estimated loss average represents 10.8% for the period of July-September 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 Septiembre 30th, 2012, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 142.72 billion, of which 99.6% is rated higher or similar to A-(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 16% of the Basic Capital as of June 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 June 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 3 months for Ps. 10,067 to 3.4%; and Inbursa market and deposits certificates for 11 months for Ps 5,904 at 4.8%; Banco Santader deposits and market certificates for 1 year and 5 months for Ps. 3,151 at 5.0%, and State and Municipal Government loan securitization certificates for 24 years and 8 months for Ps 3,461 at 6.1%.

The exposure of Derivatives is Ps -3.85 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 June 2011.

As of September 30th, 2012, exposure to credit risk for Securities Investments of Casa de Bolsa Banorte-Ixe was Ps 75.25 billion, of which 100% 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 23% of the Basic Capital as of June 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 June 2012 has a higher or similar rating to A-(mex) and is comprised of (average considered term, amount in million of pesos and rate): Scotiabank Inverlat market certificates to 1 year and 3 months for Ps. 2,473 at 4.9%; Inbursa market certificates for 1 year 8 months for Ps 939 at 4.9%; deposits certificates of Banco del Banjio to 6 months for Ps 502 at 5%; Deutsche Bank bonds to 10 years and 10 months for Ps 365 at 10.0%; bond certificates and notes from Pemex to 2 years and 5 months for Ps. 263 to 4.9%; Banco Interacciones market certificates to 1 year and 5 months for Ps 193 at 5.9% andCFE market deposits for 7 years and 11 months for Ps 151 at 5%. In the case of derivatives, there are no operations.

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

Exposure to risk for securities of IXE Banco was Ps 29.83 billion to September, 2012. Of the total, 40.9% is in securities with government and quasi-government tallies; 47.6% with bank tallies and 11.5% with private tallies.

The risk exposure of derivatives at closing of 3Q12 was Ps 60 million. The total was distributed with 80.5% in bank tallies and 18.9% 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. 25 million in bank tallies. The institution does not have investment in derivarives.

For IXE Soluciones, the risk exposure for securities' investments was Ps 47 million, in privately issued bonds. The total is distributed in private counterparties (96.8%) and banking counterparties (3.2%). The Institution does not hold positions in derivative instruments.

The exposure of Banorte-Ixe Tarjetas to investments is for Ps. 254 million 100% is concentrated 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 June 30th , 2012	**43,975**
I. Financings whose individual amounts represent more than 10% of the basic equity	
Loan Operations	
Number of financings	5
Total amount of financings	26,782
% 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	1
Total amount of financings	5,046
% in relation to Basic Capital	11%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**26,654**

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

Tier 1 to June 30th , 2012	**2,658**	**2,506**
1. Financing with individual amounts that represent more than 10% of Tier 1:		
Loan Transactions		
Number of operations	11	12
Total amount of the financings	6,360	6,604
% relative to basic capital	239%	264%
II. Maximum amount of financing with the 3 largest borrowers and Common Risk groups	**3,681**	**3,787**

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

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

Tier 1 to June 30th , 2012	**5,551**	**4,798**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):		
Loan Operations		
Number of financings	11	12
Total amount of financings	8,626	7,194
% in relation to Basic Capital	155%	150%
Money Market Operations		
Number of financings	13	16
Total amount of financings	15,548	17,989
% in relation to Basic Capital	280%	375%
Overnight Operations		
Number of financings	0	0
Total amount of financings	0	0
% in relation to Basic Capital	0%	0%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**4,354**	**4,136**

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

Equity at June 30th , 2012	**283**	**283**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):		
Loan Operations		
Number of financings	4	6
Total amount of financings	192	247
% in relation to Basic Capital	68%	87%
Money Market Operations		
Number of financings	0	0
Total amount of financings	0	0
% in relation to Basic Capital	0%	0%
Overnight Operations	0	
Number of financings	0	0
Total amount of financings	0	0%
% in relation to Basic Capital	0%	
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	**164**	**156**

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

Equity June 30th , 2012	**655**	**621**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):		
Loan Operations		
Number of financings	19	22
Total amount of financings	2,338	2,621
% in relation to Basic Capital	346%	422%
Money Market Operations		
Number of financings	0	0
Total amount of financings	0	0
% in relation to Basic Capital	0%	0%
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:	**586**	**604**

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

Equity at June 30th , 2012	**258**	**279**
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):		
Loan Operations		
Number of financings	11	12
Total amount of financings	880	902
% in relation to Basic Capital	341%	323%
Money Market Operations		
Number of financings	1	3
Total amount of financings	59	195
% in relation to Basic Capital	23%	70%
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:	**351**	**350**

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

Equity at June 30th , 2012	2,275	960
I. Financings whose individual amounts represent more than 10% of the basic equity (on a group level):		
Loan Operations		
Number of financings	0	0
Total amount of financings	0	0
% in relation to Basic Capital	0%	0%
Money Market Operations		
Number of financings	0	0
Total amount of financings	0	0
% in relation to Basic Capital	0%	0%
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:	**3**	**5**

Market Risk

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

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

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

The average VaR for the third quarter of 2012 for the portfolio is Ps 2.69 billion.

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

Million Pesos	3Q11	4Q11	1Q12	2Q12	3Q12
Total VaR*	1,736	2,392	2,399	2,444	2,635
Net Capital**	56,709	50,369	52,087	55,519	56,625
VaR / Neto Capital	3.06%	4.75%	4.61%	4.40%	4.74%

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

Million pesos

Risk Factor	VaR
Domestic interest rate	2,742
Foreign interest rate	274
Exchange rate	466
Capitals	2,685

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% for market risk.

The VaR average for Ixe Banco's portfolios for 3Q12 is Ps 11.77 million, which represents 0.15% of the Ixe Banco's Net Capital to September 2012.

IXE BANCO, S.A. DE C.V. VaR by Portfolio & risk factor Million Pesos	Total 3Q12	
	Average	Closing
VaR 95% 1 day		
Money Market	9.12	8.17
Capital Market	4.59	4.63
Exchange Market	0.16	0.04
Derivatives Market	0.26	0.25
TOTAL	11.77	10.91
Diversifications Effect	(2.37)	(2.18)
Treasury	11.96	6.15
Capital Net		7,733
VAR / Net Capital	**0.15%**	**0.14%**

Note

VaR does not include securities held for settlement.

Note: Net Capital as of September 2012 is preliminary

The VaR average of Ixe Broker Dealer's portfolios for 3Q12 is Ps 247.92 million, which represents 12.88% of the Institution's Net Capital to September 2012.

IXE CASA DE BOLSA, S.A. DE C.V. VaR by Portfolio & Risk Factor Million Pesos	Total 3Q12	
	Average	Close
VaR		
Shares	18.09	1.83
Money Market	237.36	264.20
Treasury	79.41	78.27
TOTAL	247.92	276.69
Diversifications Effect	(86.93)	(67.60)
Net Capital		1,925
VAR / Net Capital	**12.88%**	**14.37%**

Note

VaR does not include securities held for settlement.

Note: Net Capital as of September 2012 is preliminary

The VaR average of the Fincasa portfolios for 3Q12 is Ps 1.39 million, which represents 0.22% of the Institution's Net Capital to September 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 day

FINCASA HIPOTECARIA. VaR Balance. Million Pesos	Total 3Q12	
	Average	Closing
VaR Balance	1.39	1.47
Net Capital*		639.98
VAR / Capital Neto	**0.22%**	**0.23%**

Note

Net Capital as of September 2012 is preliminary

The VaR average of the Ixe Automotriz portfolios for 3Q12 is Ps 0.53 million which represents 0.18% of the Institution's Net Capital to September 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 day.

IXE AUTOMOTRIZ. VaR Balance. Million Pesos	Total 3Q12	
	Average	Closing
VaR Balance	0.53	0.77
Net Capital*		295.66
VAR / Capital Neto	**0.18%**	**0.26%**

Note

Net Capital as of September 2012 is preliminary

The VaR average of the Ixe Soluciones portfolios for 3Q12 is Ps 1.04 million which represents 0.61% of the Institution's Net Capital to September 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 day.

IXE SOLUCIONES. VaR Balance. Million Pesos	Total 3Q12	
	Average	Closing
VaR Balance	1.04	1.22
Net Capital *		170.49
VAR / Net Capital	**0.61%**	**0.72%**

Note

Net Capital as of September 2012 is preliminary

The VaR average of the Ixe Tarjetas for 3Q12 is Ps 2.89 million which represents 0.15% of the Institution's Net Capital to September 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 day.

BANORTE-IXE TARJETAS VaR Balance. Million Pesos	Total 3Q12	
	Average	Closing
VaR Balance	2.89	3.61
Net Capital *		1,979.97
VAR / Net Capital	**0.15%**	**0.18%**

Note

Net Capital as of September 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 3Q12 is 75.9%, while the average for the quarter is 83.8%.

Million Pesos (at closing of the quarter)	3Q11	4Q11	1Q12	2Q12	3Q12
Liquid Assets	118,934	164,484	151,000	142,019	141,625
Liquid Liabilities	151,706	180,088	184,152	180,479	186,680
Liquidity Ratio	78.4%	91.3%	82.0%	78.7%	75.9%

Million Pesos (average)	3Q11	4Q11	1Q12	2Q12	3Q12
Liquid Assets	139,508	157,210	171,629	136,390	150,655
Liquid Liabilities	148,421	165,791	171,353	171,667	179,802
Liquidity Ratio	94.0%	94.8%	100.2%	79.5%	83.8%

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.

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

- **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 September 2012 is 24.65%. The liquidity ratio vs. Net Capital is 103.11%.

IXE BANCO, S.A. DE C.V.	Use
Liquidity Risk	
Million Pesos	3Q12
Accumulated gap in 1 month (MXP + UDIS)	(4.86)
Liquid Assets	7,973.08
Net Capital	7,732.55
Tier 1 Capital	5,209.63
Liquidity vs. Net Capital	**103.11%**
Liquidity vs. Tier 1 Capital	**153.05%**
Liquidity Ratio	**24.65%**

Liquidity Ratio= Liquid Assets vs. Deposits

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

Note: Net Capital as of September 2012 is preliminary

The liquidity ratio vs. Net Capital for the Casa de Bolsa to September 30th, 2012 is 68.33%.

IXE CASA DE BOLSA, S.A. DE C.V.	USE
Liquidity Risk	
Million Pesos	3Q12
Accumulated gap in 1 month (MXP + UDIS)	785.26
Liquid Assets	1,315.52
Net Capital	1,925.13
Liquidity vs. Capital	**68.33%**

Note: Net Capital as of September 2012 is preliminary

The liquidity ratio vs. Net Capital for Fincasa to September 30th, 2012 is 9.32%.

FINCASA HIPOTECARIA.	USE
Liquidity Risk	
Million Pesos	3Q12
Accumulated gap in 1 month (MXP + UDIS)	(1,100.04)
Accumulated gap in 3 months (MXP + UDIS)	(1,898.94)
Liquid Assets*	59.64
Net Capital	639.98
Tier 1 Capital	626.16
Liquidity vs. Net Capital	**9.32%**
Liquidity vs. Tier 1 Capital	**9.52%**

**Only Banks*

Net Capital as of September 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Automotriz to September 30th, 2012 is 1.83%.

IXE AUTOMOTRIZ. Liquidity Risk Million Pesos	USE 3Q12
Accumulated gap in 1 month (MXP + UDIS)	(448.66)
Accumulated gap in 3 months (MXP + UDIS)	(433.67)
Liquid Assets*	5.41
Net Capital	295.66
Tier 1 Capital	294.74
Liquidity vs. Net Capital	**1.83%**
Liquidity vs. Tier 1 Capital	**1.83%**

**Only Banks*

Net Capital as of September 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Soluciones to September 30th, 2012 is 2.31%.

IXE SOLUCIONES. Liquidity Risk Million Pesos	USE 3Q12
Accumulated gap in 1 month (MXP + UDIS)	3.93
Accumulated gap in 3 months (MXP + UDIS)	3.93
Liquid Assets*	3.93
Net Capital	170.49
Tier 1 Capital	170.49
Liquidity vs. Net Capital	**2.31%**
Liquidity vs. Tier 1 Capital	**2.31%**

**Only Banks*

Net Capital as of September 2012 is preliminary

The liquidity ratio vs. Net Capital for Ixe Tarjetas to September 30th, 2012 is 12.86%.

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

Banorte Ixe Tarjetas Liquidity Risk Million Pesos	USE 3Q12
Accumulated gap in 1 month (MXP + UDIS)	1,260.46
Accumulated gap in 3 months (MXP + UDIS)	1,140.04
Liquid Assets*	254.66
Net Capital	1,979.97
Tier 1 Capital	1,969.91
Liquidity vs. Net Capital	**12.86%**
Liquidity vs. Tier 1 Capital	**12.93%**

**Only Banks*

Net Capital as of September 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.

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 third 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 September 30th, 2012 and June 30th, 2012, the loans granted to related parties totaled Ps $ 13.13 billion and Ps $11.99 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.

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

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.