

4Q15

Financial Results as of December 31, 2015

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GFNORTE



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DEPOSITARY RECEIPTS

GBOOY



XNOR

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Executive Team 2015"



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"Sustainable Company"

I. Summary

GFNorte reports Net Income of Ps 17.11 billion in 2015 and Ps 4.94 billion in 4Q15

(BMV: GFNORTEO; OTC: GBOOY; Latibex: XNOR)

Grupo Financiero Banorte, S.A.B. de C.V. reported results for the year, ended December 31st, 2015. The main highlights include:

- Fourth-quarter results show outstanding quarterly sequential growth rates, with profits increasing **+15%**, given Total Income growth of +6%, (12%) decline in Loan Loss Provisions and +5% increase in Expenses.
- Moreover, key ratios improved in the quarter: **NIM at 4.6% from 4.4%**, Efficiency Ratio at 46.0% from 46.3%, PDL Ratio at 2.2% from 2.7%, Coverage Ratio at 116.0% from 109.4%, and **ROE at 14.8% from 13.2%**.
- **Net Income in 2015 amounted to Ps 17.11 billion**, equivalent to EPS of **Ps 6.17, +12% annual growth**; on good performance at the Consolidated Bank, Insurance and Long Term Savings businesses.
- Improving recurring income generation continues to be a key strategy and recurring operating results are solid growing +34% annually.
- NII grew 8% in 2015, provisions declined (4%) vs. 2014.
- **Core banking fees** ended 2015 with a YoY growth of **+21%**.
- Non-Interest Expenses growth of only 4% YoY was achieved through strict **expense management and efficiency efforts**. The Efficiency Ratio improved to 47.9%, declining 57pb YoY.
- The annual growth in the loan book was +10% with a positive trend in all portfolios, highlighting the increase in the consumer book +12%. Asset Quality improved in almost all segments, resulting in a NPL ratio at 2.2%, the lowest since 2Q13.
- Moreover, deposits continue flowing strongly maintaining a 13% annual growth.
- Solid capitalization ratio of 14.59% and equity grows 10% YoY.
- Annualized ROE for 2015 stood at 13.3%, comparing favorably to the 13.2% in 2014.
- During the quarter there was resolution on a portion of the credit exposure to homebuilders.

Income Statement Highlights - GFNorte <i>(Million Pesos)</i>	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Net Interest Income	12,441	11,840	12,355	4%	(1%)	44,096	47,408	8%
Non Interest Income	3,715	3,976	4,426	11%	19%	16,233	15,859	(2%)
Total Income	16,157	15,816	16,781	6%	4%	60,329	63,267	5%
Non Interest Expense	8,590	7,328	7,722	5%	(10%)	29,232	30,295	4%
Provisions	2,712	2,840	2,495	(12%)	(8%)	11,196	10,719	(4%)
Operating Income	4,855	5,648	6,564	16%	35%	19,901	22,253	12%
Taxes	1,312	1,580	1,855	17%	41%	5,668	6,106	8%
Subsidiaries & Minority Interest	277	216	231	7%	(17%)	995	961	(3%)
Net Income	3,819	4,284	4,940	15%	29%	15,228	17,108	12%

Balance Sheet Highlights - GFNorte <i>(Million Pesos)</i>	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Asset Under Management	2,039,197	2,102,794	2,105,565	0%	3%
Performing Loans (a)	471,768	500,208	518,188	4%	10%
Past Due Loans (b)	14,293	13,717	11,903	(13%)	(17%)
Total Loans (a+b)	486,061	513,925	530,091	3%	9%
Total Loans Net (d)	470,774	498,912	516,279	3%	10%
Acquired Collection Rights (e)	2,984	2,559	2,217	(13%)	(26%)
Total Credit Portfolio (d+e)	473,759	501,470	518,496	3%	9%
Total Assets	1,097,982	1,171,183	1,198,476	2%	9%
Total Deposits	497,922	535,870	561,462	5%	13%
Total Liabilities	973,311	1,037,028	1,061,124	2%	9%
Equity	124,672	134,155	137,351	2%	10%

Financial Ratios GFNorte	4Q14	3Q15	4Q15		2014	2015
Profitability:						
NIM (1)	5.1%	4.4%	4.6%		4.7%	4.5%
ROE (2)	12.6%	13.2%	14.8%		13.2%	13.3%
ROA (3)	1.4%	1.5%	1.7%		1.46%	1.47%
Operation:						
Efficiency Ratio (4)	53.2%	46.3%	46.0%		48.5%	47.9%
Operating Efficiency Ratio (5)	3.2%	2.5%	2.6%		2.8%	2.6%
CCL for Banorte and SOFOM - Basel III (6)	n.a.	101.97%	107.77%		n.a.	107.77%
Asset Quality:						
Past Due Loan Ratio	2.9%	2.7%	2.2%		2.9%	2.2%
Coverage Ratio	107.0%	109.4%	116.0%		107.0%	116.0%

- 1) NIM= Annualized Net Interest Margin / Average Earnings Assets.
- 2) Annualized earnings as a percentage of the average quarterly equity over the period, minus minority interest of the same period.
- 3) Annualized earnings as a percentage of the average quarterly assets over the period, minus minority interest of the same period.
- 4) Non-Interest Expense / Total Income
- 5) Annualized Non-Interest Expense / Average Total Assets.
- 6) CCL calculation is preliminary and will be updated once Banco de Mexico publishes official indicators.

The financial information presented in this report has been calculated in pesos and the tables are in million pesos, thus, they may seem to have some errors but the differences are because of rounding effects.

Subsidiaries Net Income (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Banco Mercantil del Norte	2,220	2,548	2,826	11%	27%	8,721	9,938	14%
Banorte Ixe Tarjetas	389	589	632	7%	62%	1,805	2,119	17%
Banorte- Ixe-Broker Dealer	160	179	130	(28%)	(19%)	837	564	(33%)
Operadora de Fondos Banorte-Ixe	15	56	53	(5%)	261%	94	226	140%
Retirement Funds - Afore XXI Banorte	321	282	299	6%	(7%)	1,181	1,220	3%
Insurance	511	490	530	8%	4%	1,759	2,210	26%
Annuities	74	97	144	49%	95%	276	402	46%
Leasing and Factoring	209	154	148	(4%)	(29%)	700	571	(18%)
Warehousing	22	8	6	(26%)	(72%)	45	31	(30%)
Sólida Administradora de Portafolios	(70)	(105)	189	n.a.	n.a.	(173)	(105)	(39%)
Ixe Servicios	0	0	0	n.a.	n.a.	2	0	n.a.
G. F. Banorte (Holding)	(33)	(15)	(18)	21%	(45%)	(18)	(69)	289%
Total Net Income	3,819	4,284	4,940	15%	29%	15,228	17,108	12%

Share Data	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Earnings per share (Pesos)	1.377	1.545	1.781	15%	29%	5.490	6.168	12%
Earnings per share Basic (Pesos)	1.379	1.553	1.791	15%	30%	5.499	6.314	15%
Dividend per Share (Pesos) (1)	0.24	0.24	0.27	13%	13%	0.44	1.01	129%
Dividend Payout (Recurring Net Income)	20.0%	20.0%	20.0%	(0%)	(0%)	20.0%	20.0%	(0%)
Book Value per Share (Pesos)	44.32	47.70	48.83	2%	10%	44.32	48.83	10%
Issued Shares (Million)	2,773.7	2,773.7	2,773.7	0%	0%	2,773.7	2,773.7	0%
Stock Price (Pesos)	81.20	82.80	94.99	15%	17%	81.20	94.99	17%
P/BV (Times)	1.83	1.74	1.95	12%	6%	1.83	1.95	6%
Market Capitalization (Million Dollars)	15,279	13,585	15,275	12%	(0%)	15,279	15,275	(0%)
Market Capitalization (Million Pesos)	225,227	229,665	263,477	15%	17%	225,227	263,477	17%

1) Excluding Minority Interest.

Stock Performance



II. Management's Discussion & Analysis

Grupo Financiero Banorte

Net Interest Income

Net Interest Income (NII) (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change
				3Q15	4Q14			2014
Interest Income	16,753	16,401	16,535	1%	(1%)	65,303	64,510	(1%)
Interest Expense	6,597	6,031	5,792	(4%)	(12%)	27,494	23,365	(15%)
Loan Origination Fees	1,134	326	350	7%	(69%)	2,238	1,256	(44%)
Fees Paid	88	96	101	5%	15%	367	383	4%
NII excluding Insurance and Annuities Co.	11,202	10,600	10,993	4%	(2%)	39,680	42,019	6%
Premium Income (Net)	5,301	4,225	4,977	18%	(6%)	18,693	19,074	2%
Technical Reserves	3,406	1,186	2,337	97%	(31%)	9,655	7,131	(26%)
Damages, Claims and Other Obligations	2,412	3,015	2,994	(1%)	24%	9,659	11,027	14%
Technical Results	(518)	23	(354)	n.a.	n.a.	(622)	916	n.a.
Interest Income (Expenses) net	1,757	1,218	1,716	41%	(2%)	5,038	4,473	(11%)
Insurance and Annuities NII	1,239	1,241	1,362	10%	10%	4,416	5,389	22%
GFNORTE's NII	12,441	11,840	12,355	4%	(1%)	44,096	47,408	8%
Credit Provisions	2,712	2,840	2,495	(12%)	(8%)	11,196	10,719	(4%)
NII Adjusted for Credit Risk	9,729	9,000	9,860	10%	1%	32,900	36,689	12%
Average Earning Assets	969,513	1,069,081	1,071,925	0%	11%	944,776	1,059,044	12%
Net Interest Margin (1)	5.1%	4.4%	4.6%			4.7%	4.5%	
NIM after Provisions (2)	4.0%	3.4%	3.7%			3.5%	3.5%	
NIM adjusted w/o Insurance & Annuities	5.0%	4.3%	4.4%			4.5%	4.3%	
NIM from loan portfolio (3)	8.7%	7.9%	7.9%			8.2%	7.8%	

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

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

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

During 2015, GFNorte's Net Interest Income (NII) grew 8% YoY, increasing from Ps 44.10 billion to Ps 47.41 billion driven mainly by:

- Ps 3.51 billion (+11%) increase in Net Interest Income from loans, as a result of the 10% growth in performing loans,
- Ps 973 million (+22%) increase in NII from the Insurance and Annuities companies due to higher revenues on their investment books,
- Ps 997 million YoY decline in fees from loans, on a one-time transaction recorded in 4Q14, and
- Ps 271 million (-6%) YoY drop in income from repo operations.

In 4Q15 Net Interest Income was Ps 12.35 billion, 4% higher vs. QoQ, due to:

- a 4% increase in the Net Interest Income from the loan book, which also grew in tandem,
- a 9% growth in net fees on loan origination,
- a 10% recovery in NII from the Insurance and Annuities companies (mainly the latter), and
- a 10% hike in Premium Income (Net) on repo operations.

Insurance and Annuities Interest Income in 4Q15 were up by Ps 498 million on inflation valuation on their securities investments which amounted to Ps 473 million. Furthermore, during 2015 the (11%) reduction in this line was impacted by a (Ps 833) million drop in valuation as there was lower inflation in year, noting that Mexico reached historically low inflation.

The Net Interest Margin (NIM) stood at 4.5% in 2015, 19bp lower YoY on lower loan fees as compared to the prior year. Yet in 4Q15 the NIM was 4.6%, +18bp vs. 3Q15, maintaining an improving trend.

Likewise, NIM adjusted for Credit Risks was 3.5% in 2015, flat vs. 2014. On a quarterly basis this ratio increased +31bp at 3.7% in 4Q15, reflecting higher Net Interest Income and a (12%) decline in loan loss provisions.

Loan Loss Provisions

In 2015 Loan Loss Provisions totaled Ps 10.72 billion, (4%) lower YoY and amounted to Ps 2.50 billion in 4Q15, decreasing (12%) vs. 3Q15.

The annual reduction came from lower reserve requirements on corporate, middle-market and mortgage loan balances, which offset higher ordinary reserves in payroll and credit card books. The quarterly reduction came from lower provision requirements in almost all the portfolios, mainly mortgage and government.

Loan Loss Provisions represented 22.6% of Net Interest Income in 2015, comparing favorably to the 25.4% in 2014. In 4Q15, this ratio was 20.2%, (3.8 pp) lower QoQ.

Also, **Loan Loss Provisions in 2015 accounted for 2.2% of the average loan portfolio, a YoY increase of 36bp; whereas in 4Q15 accounted for 2.0%, improving by 34bp vs. 3Q15.**

Non-Interest Income

Non-Interest Income (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Fees on Services	2,454	2,523	2,598	3%	6%	8,553	9,867	15%
Trading	375	659	561	(15%)	50%	4,420	2,991	(32%)
Other Operating Income (Expenses)	887	793	1,267	60%	43%	3,260	3,001	(8%)
Non-Interest Income	3,715	3,976	4,426	11%	19%	16,233	15,859	(2%)

During 2015, Non-Interest Income totaled Ps 15.86 billion and Ps 4.43 billion in 4Q15, Fees on Services improved significantly in 2015 accounting for 62% of the total, comparing to 53% in 2014, which supported growth in recurring revenues.

Service Fees

Service Fees (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
For Commercial and Mortgage Loans	2	(0)	7	n.a.	310%	9	10	15%
Fund Transfers	173	234	247	5%	43%	637	885	39%
Account Management Fees	397	529	528	(0%)	33%	1,499	2,036	36%
Fiduciary	96	88	102	15%	6%	362	388	7%
Income from Real Estate Portfolios	39	35	91	158%	135%	187	169	(10%)
Electronic Banking Services	1,242	1,287	1,398	9%	13%	4,486	5,118	14%
For Consumer and Credit Card Loans	744	794	835	5%	12%	2,792	3,077	10%
Other Fees Charged (1)	958	750	737	(2%)	(23%)	2,847	3,031	6%
Fees Charged on Services	3,649	3,717	3,944	6%	8%	12,820	14,714	15%
Fees Paid on Services	1,196	1,194	1,346	13%	13%	4,268	4,847	14%
Service Fees	2,454	2,523	2,598	3%	6%	8,553	9,867	15%

1) Includes fees from letters of credit, transactions with pension funds, warehousing services, financial advisory services and securities trading among others.

Service fees increased 15% YoY and 3% QoQ vs. 3Q15. Core banking services, such as account management, fund transfers and electronic banking services kept growing strongly, +21% vs. 2014 and +6% vs. 3Q15.

Trading

Trading Income (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Foreign Exchange	236	354	411	16%	74%	1,085	1,285	18%
Securities-Realized Gains	340	173	506	192%	49%	2,322	1,454	(37%)
Securities-Unrealized Gains	(202)	132	(355)	(369%)	76%	1,013	252	(75%)
Trading Income	375	659	561	(15%)	50%	4,420	2,991	(32%)

Trading revenues in 2015 decreased (32%) YoY; result of the combined effect of 18% increase in FX income due to higher client volume, lower trading revenues on securities & derivatives, and lower valuation gains.

During 4Q15 totaled Ps 561 million, (15%) lower QoQ, on: +16% in FX transactions, Ps 506 million on revenues on securities and derivatives trading and a (Ps 355) million valuation loss .

Other Operating Income (Expenses)

Other Operating Income (Expenses) (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Loan Recovery	264	299	391	31%	48%	956	1,306	37%
Income from foreclosed assets	55	112	33	(71%)	(41%)	(130)	151	n.a.
Other Operating Income	102	5	187	3477%	82%	424	365	(14%)
Other Operating Expenses	(87)	(39)	(35)	(11%)	(60%)	(229)	(442)	93%
Subtotal Recoveries and Others"	334	377	576	53%	72%	1,022	1,381	35%
Other Products	490	913	1,352	48%	176%	3,421	4,022	18%
Other Acquired Recoveries	429	191	103	(46%)	(76%)	1,217	587	(52%)
Other (Expenses)	(538)	(885)	(972)	10%	81%	(3,060)	(3,754)	23%
Non Operating Income (Expenses), Net	380	219	483	121%	27%	1,578	855	(46%)
Other From Insurance and Annuities	173	197	209	6%	21%	660	765	16%
Other Operating Income (Expenses)	887	793	1,267	60%	43%	3,260	3,001	(8%)

During 2015 Other Operating Income (Expenses) amounted to Ps 3.00 billion, declining (8%) YoY explained by a (52%) drop in Other Acquired Recoveries, the valuation charges on Solida's investment projects accounted in Other Operating Expenses (93% YoY higher) and a (Ps 93) million decline in Non-Operating Income (Expenses).

On a quarterly basis, Other Operating Income (Expenses) totaled Ps 1.27 billion, 60% higher vs. 3Q15 mainly on a Ps 182 million increase in Other Operating Income from provision reversals. Also, during the quarter a Ps 425.7 million revenue was registered in Other Operating Income (Expenses) related to a transaction carried by Solida Administradora de Portafolios.

Non-Interest Expense

Non-Interest Expense (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Personnel	4,054	2,974	2,806	(6%)	(31%)	12,986	12,404	(4%)
Professional Fees	900	551	757	37%	(16%)	3,000	2,433	(19%)
Administrative and Promotional	1,599	1,771	1,987	12%	24%	5,679	7,215	27%
Rents, Depreciation & Amortization	958	1,048	1,089	4%	14%	3,648	4,129	13%
Taxes other than income tax & non deductible expenses	517	355	449	26%	(13%)	1,653	1,625	(2%)
Contributions to IPAB	487	533	550	3%	13%	1,887	2,116	12%
Employee Profit Sharing (PTU)	74	96	84	(12%)	13%	379	374	(1%)
Non-Interest Expense	8,590	7,328	7,722	5%	(10%)	29,232	30,295	4%

Non-Interest Expenses during 2015 amounted to Ps 30.30 billion, growing only 4% from the prior year, as a result of the reduction in Personnel Expenses and Professional Fees during the first half of the year, which offset higher transaction volume in services such as: ATMs, POS, credit cards as well as amortizations of IT expenses.

In 4Q15 **Non-Interest Expenses totaled Ps 7.72 billion, up +5% vs. 3Q15** derived from lower Personnel Expenses and Employee Profit Sharing which decreased (6%) and (12%), respectively; which were not offset by higher expenses in:

- Administrative expenses for IT maintenance and several promotional campaigns of products and services.
- Professional fees as result of higher business volume in: recoveries, credit reports, valuations, trust managements and technology.

The Efficiency Ratio during 2015 was 47.9%, +57bp vs. 2014, making it the best ratio of the past seven years; also, the quarterly ratio was 46.0%, or (32bp) lower vs. 3Q15. In both cases, the improvement is the result of improving operating leverage.

Net Income

Net Income (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Operating Income	4,855	5,648	6,564	16%	35%	19,901	22,253	12%
Subsidiaries' Net Income	329	277	301	9%	(9%)	1,220	1,201	(2%)
Pre-Tax Income	5,184	5,925	6,866	16%	32%	21,121	23,454	11%
Taxes	1,312	1,580	1,855	17%	41%	5,668	6,106	8%
Extraordinary Items, net	-	-	-	-	-	-	-	-
Minority Interest	(52)	(61)	(71)	16%	35%	(225)	(240)	7%
Net Income	3,819	4,284	4,940	15%	29%	15,228	17,108	12%

During 2015, accumulated recurring revenues (NII + net fees excluding portfolio recoveries - Operating Expenses – Provisions) **totaled Ps 16.09 billion, 34% higher vs. 2014**; while, 4Q15 amounted to Ps 4.65 billion, +12% vs. 3Q15. In both cases, the results were explained by higher NII and service fees, as well as lower requirements on Loan Loss Provisions and controlled Non-Interest Expenses.

Subsidiaries' Net Income is mostly related to Afore XXI Banorte's earnings of Ps 299 million in 4Q15 (+6% QoQ) and Ps 1.22 billion in 2015 (+3% YoY), based on the Group's ownership of this company.

Income taxes during 2015 totaled Ps 6.11 billion, +8% YoY and for the quarter, these were Ps 1.85 billion, 17% higher QoQ, on a larger taxable accumulated income base.

The effective tax rate in 4Q15 was 27.0%, similar to 3Q15 and comparing unfavorably vs. the 25.3% in 4Q14. **The effective tax rate in 2015 was 26.0%**, (80bp) lower vs. 2014.

Net Income in 2015 rose to Ps 17.11 billion, 12% higher vs. 2014 result of the positive trend in NII, provisions, service fees, as well as the efficiency in non-interest expense and controlled taxes, offsetting lower trading revenues and other income.

In 4Q15 GFNorte reported Net Income of Ps 4.94 billion, 15% higher vs. 3Q15 due to higher total revenues and lower provisions, neutralizing higher non-interest expenses and taxes. The net income increase compares favorably vs. the quarterly sequential growths +7% vs. 3Q15 and +3% vs. 2Q15.

Profitability

	4Q14	3Q15	4Q15
ROE	12.6%	13.2%	14.8%
Goodwill & Intangibles (billion pesos)	24.7	26.6	28.9
Average Tangible Equity (billion pesos)	94.1	102.3	104.4
ROTE	16.2%	15.6%	16.4%

ROE for 4Q15 was 14.8%, 1.6 pp above 3Q15. **ROE for 2015 was 13.3%**, comparing favorably vs. 13.2% in 2014. Moreover, Equity increased 10% YoY and 2% QoQ.

Return on Tangible Equity (ROTE) was 16.4% for 4Q15, increasing 76bp and 21bp vs. 3Q15 and 4Q14, respectively.

	4Q14	3Q15	4Q15
ROA	1.4%	1.5%	1.7%
Average Risk Weighted Assets (billion pesos)	497.6	526.7	536.8
RRWA	3.1%	3.0%	3.2%

ROA for 2015 was 1.5%, flat YoY and for **4Q15** this ratio **was 1.7%**, increasing 22bp vs. 3Q15. **Return on Risk-Weighted Assets was 3.2%**, increasing by 0.2 pp vs. 3Q15 and 0.1 pp vs. 4Q14.

Capitalization (Banco Mercantil del Norte)

Capitalization (Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Tier 1 Capital	69,995	72,018	72,817	1.1%	4.0%
Tier 2 Capital	8,001	7,649	7,692	0.6%	(3.9%)
Net Capital	77,996	79,667	80,509	1.1%	3.2%
Credit Risk Assets	359,318	375,242	396,177	5.6%	10.3%
Net Capital / Credit Risk Assets	21.7%	21.2%	20.3%	(0.9 pp)	(1.4 pp)
Total Risk Assets	511,057	535,919	551,643	2.9%	7.9%
Tier 1	13.70%	13.44%	13.20%	(0.2 pp)	(0.5 pp)
Tier 2	1.56%	1.43%	1.39%	(0.0 pp)	(0.2 pp)
Capitalization Ratio	15.26%	14.87%	14.59%	(0.27 pp)	(0.67 pp)

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

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

At the end of 4Q15 the estimated Capitalization Ratio (CR) for Banorte was 14.59% considering credit, market and operational risk; and, 20.32% if only Credit Risks are considered. The Core Tier 1 ratio was 12.39%, Total Tier 1 ratio was 13.20% and Tier 2 was 1.39%.

The Capitalization Ratio decreased (0.27 pp) vs. 3Q15, as follows:

1.	Profits for 4Q15	+0.71 pp
2.	Valuation of Financial Instruments, Securitizations and Equity Accounts	-0.14 pp
3.	Dividend payment	-0.19 pp
4.	Investment in Subsidiaries and Intangibles	-0.23 pp
5.	Growth in risk assets	-0.42 pp

The Capitalization Ratio decreased (0.67 pp) vs 4Q14, as follows:

1.	Profit growth for the period	+2.65 pp
2.	Valuation of Financial Instruments, Securitizations and Equity Accounts	-0.17 pp
3.	Decrease of Subordinate Debt effectiveness	-0.22 pp
4.	Investment in Subsidiaries and Intangibles	-0.68 pp
5.	Dividend payment	-1.09 pp
6.	Growth in risk assets	-1.16 pp

Deposits

Deposits (Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Non-Interest Bearing Demand Deposits	147,733	158,007	175,919	11%	19%
Interest Bearing Demand Deposits	152,549	165,964	175,126	6%	15%
Total Demand Deposits	300,282	323,971	351,045	8%	17%
Time Deposits – Retail	136,127	150,921	157,718	5%	16%
Money Market	62,287	62,538	54,907	(12%)	(12%)
Total Bank Deposits	498,697	537,430	563,670	5%	13%
GFNorte's Total Deposits	497,922	535,870	561,462	5%	13%
Third Party Deposits	149,092	160,489	139,099	(13%)	(7%)
Total Assets Under Management	647,789	697,919	702,769	1%	8%

At the end of 4Q15, Total Deposits maintained the high growth pace reaching a balance of Ps 561.46 billion, +13% YoY driven by promotional efforts as well as higher account balances in all client segments and the retail network. On a quarterly basis, Total Deposits increased 5%, as a result of increases in Demand Deposits and Time Deposits – Retail.

Loans

Performing Loan Portfolio (Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Commercial	114,040	118,852	123,289	4%	8%
Consumer	158,139	172,170	176,544	3%	12%
Corporate	80,464	79,374	88,108	11%	9%
Government	118,963	129,675	130,119	0%	9%
Sub Total	471,606	500,071	518,059	4%	10%
Recovery Bank	162	137	129	(6%)	(20%)
Total	471,768	500,208	518,188	4%	10%

Performing Consumer Loan Portfolio (Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Mortgages	89,758	96,757	99,825	3%	11%
Car Loans	11,074	11,970	12,400	4%	12%
Credit Cards	23,209	25,350	25,838	2%	11%
Payroll	34,098	38,092	38,482	1%	13%
Consumer Loans	158,139	172,170	176,544	3%	12%

Total Performing Loans increased 10% YoY, growing Ps 46.45 billion for an ending balance of Ps 518.06 billion in 4Q15, excluding proprietary loans managed by the Recovery Bank. Good sequential growth achieved in the commercial, corporate (which had decreased YoY in the prior quarter) and car books; while the remaining books maintain a similar growth rate vs. prior quarters.

Total Performing Loans increased 4% QoQ, with the corporate portfolio leading the growth by segment, the performance was:

- **Mortgages:** up 11% YoY, with an ending balance of Ps 99.83 billion as of 4Q15, driven by growth in most products of this book. During the quarter the portfolio grew Ps 3.07 billion or 3% QoQ. As of November 2015, Banorte had a 16.3% market share in mortgage balances, ranking third in the system.
- **Credit Cards:** At the end of 4Q15 the credit card book totaled Ps 25.84 billion, up 11% or +Ps 2.63 billion YoY and 2% or Ps 487 million QoQ. Active portfolio management and commercial campaigns explained this performance. As of November 2015, Banorte held an 8.3% market share in credit card balances, ranking fourth in the banking system.

- **Payroll:** increased Ps 4.38 billion or 13% YoY and Ps 389 million or 1% QoQ **totaling Ps 38.48 billion**, on a larger base of payroll account holders. Payroll loans continue to show good growth with respect to the system's average. Banorte held a 19% market share in balances as of November 2015, ranking third in the system.
- **Car Loans:** increased 12% YoY and 4% QoQ for an ending balance of **Ps 12.40 billion**, on a successful commercial strategy to offset the strong competition from financial firms of car manufacturers. As of November 2015, Banorte's market share was 14.8%, giving it the fourth position among banks.
- **Commercial:** up Ps 9.25 billion or 8% YoY, accelerating growth in the last quarter to 4% or Ps 4.44 billion **ending at Ps 123.29 billion**. The leasing and factoring books showed a positive evolution, growing 3% YoY. As of November 2015, the market share in commercial loans (including the Corporate book according to the CNBV's classification) was 10.5%, ranking fourth in the system.

GFNorte's SME performing portfolio was Ps 26.82 billion, (10%) lower YoY and Ps 208 million higher vs. 3Q15 resuming growth from 2Q14.

SMEs Portfolio Evolution (billion pesos)

	4Q14	3Q15	4Q15
Performing Portfolio	\$29,850	\$26,607	\$26,816
% of Performing Commercial Portfolio	26.2%	22.4%	21.8%
% of Total Performing Portfolio	6.3%	5.3%	5.2%
NPL Ratio	10.0%	9.5%	8.8%

- **Corporate:** At the end of 4Q15 the balance was **Ps 88.11 billion**, Ps 7.64 billion or 9% YoY higher; and, and up **Ps 8.73 billion or 11% QoQ**, driven by higher loan origination. GFNorte's corporate loan book is well diversified by sectors and regions and shows a low concentration risk. GFNorte's 20 main corporate borrowers accounted for 11.5% of the group's total portfolio, increasing by 0.6 pp vs. 4Q14 and 0.4 pp vs. 3Q15. The group's largest corporate loan represents 1.0% of the total portfolio; whereas number 20 represent 0.4%. 90% of GFNorte's main corporate borrowers have an A1 rating, the remaining are rated A2.

As of December 31, 2015 GFNorte's loan exposure to home builders was Ps 3.97 billion in Urbi Desarrollos Urbanos, S.A.B. de C.V., Corporación Geo, S.A.B. de C.V. and Desarrolladora Homex, S.A.B. de C.V., (29.6%) lower than the prior quarter. This exposure represented 0.7% of the total loan portfolio, (35bp) lower than as of September 2015. The credit exposure has an 89% collateral coverage, +130bp higher vs. the 76% reported in the prior quarter. For Desarrolladora Homex and Corporación Geo, the remaining portfolio is fully secured, as the unsecured portfolio has already been exchanged for other assets, as instructed by the respective Judge in the final ruling of the bankruptcy processes. The loan loss reserve coverage on the overall exposure was 42.1% in 4Q15.

Sólida had a balance of Ps 5.64 billion in investment projects to these companies, unchanged from the prior quarter.

- **Government:** At the end of 4Q15 the balance was **Ps 130.12 billion**, growing by Ps 11.16 billion or 9% YoY and only Ps 444 million QoQ. GFNorte's government portfolio is diversified by sectors and regions, and shows adequate concentration risk. GFNorte's 20 largest government loans account for 22.6% of the group's total portfolio, increasing by 0.4 pp vs. 4Q14 and (0.6 pp) lower vs. 3Q15. The largest government loan represents 4.5% of the total portfolio and is rated A1; whereas, number 20 represents 0.3%. The portfolio's risk profile is adequate with 33.3% of the loans granted to Federal Government entities and over 98% of loans to States and Municipalities have a fiduciary guarantee (Federal budget transfers and local revenues such as payroll tax), and less than 1% of the loans have short-term maturities. As of November 2015, Banorte held a 23.5% market share of the total system, ranking second.

Past Due Loans

(Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Past Due Loans	14,293	13,717	11,903	(13%)	(17%)
Loan Loss Reserves	15,287	15,013	13,813	(8%)	(10%)
Acquired Rights	2,984	2,559	2,217	(13%)	(26%)

During 4Q15, Past Due Loans were Ps 11.90 billion, lower in (Ps 2.39) billion or (17%) and (Ps 1.81) billion or (13%) vs. 4Q14 and 3Q15, respectively, as a result of lower delinquencies in the corporate, commercial, mortgages and car books.

In 4Q15, the credit exposure related to homebuilders classified as non-performing was Ps. 3.78 billion, declining (Ps 1.64) billion QoQ on settlements with Corporación Geo and Desarrolladora Homex. During the quarter and as per the final ruling from the judges managing the bankruptcy processes of these companies, GFNorte exchanged unsecured past due loans for other assets, mainly shares of these companies for an amount equivalent to the past due unsecured exposure; therefore, the NPL balances in these two companies declined by Ps 1.63 billion.

The shares received were registered as securities available for sale, net of reserves, and will be valued at market prices according to the applicable accounting rules. As of December 31st, 2015 the valuation loss on the shares was (Ps 753) million, registered in the Equity account Surplus (Deficit) of Securities Available for Sale.

The quarterly evolution of NPL balances were as follows:

Past Due Loans (Million Pesos)	4Q14	3Q15	4Q15	Change	
				3Q15	4Q14
Credit Cards	1,358	1,482	1,511	29	153
Payroll	789	1,019	1,200	181	411
Car Loans	223	202	197	(5)	(26)
Mortgages	1,274	1,096	1,072	(23)	(201)
Commercial	5,215	4,476	4,145	(330)	(1,070)
Corporate	5,435	5,443	3,778	(1,665)	(1,657)
Government	-	-	-	-	-
Total	14,293	13,717	11,903	(1,814)	(2,390)

In 4Q15, the Past Due Loan Ratio was 2.2%, lower by (70bp) vs. 4Q14 and by (42bp) vs. 3Q15. Both decreases were the result of lower PDL ratio in all segments excluding the payroll book.

Excluding the remainder homebuilder exposure, the PDL Ratio is 1.5%, (29bp) and (8bp) lower YoY and QoQ, respectively.

PDL Ratios by segment showed the following trends during the last 12 months:

Past Due Loans Ratios	4Q14	1Q15	2Q15	3Q15	4Q15
Credit Cards	5.5%	5.5%	5.9%	5.5%	5.5%
Payroll	2.3%	2.2%	2.5%	2.6%	3.0%
Car Loans	2.0%	1.5%	1.9%	1.7%	1.6%
Mortgages	1.4%	1.3%	1.2%	1.1%	1.1%
Commercial	4.4%	3.8%	3.9%	3.6%	3.3%
SMEs	10.0%	8.8%	9.5%	9.5%	8.8%
Commercial	2.2%	2.1%	2.1%	1.8%	1.6%
Corporate	6.3%	6.4%	6.5%	6.4%	4.1%
Government	0.0%	0.0%	0.0%	0.0%	0.0%
Total	2.9%	2.7%	2.8%	2.7%	2.2%

The PDL ratios on all portfolios presented healthful trends in 2015 reaching their lowest levels of the year. The payroll PDL ratio is the exception, yet it is the result of slower growth than deterioration in the intrinsic metrics of the book.

The expected loss for Banco Mercantil del Norte was 1.8% and the unexpected loss 3.1%, both with respect to the total portfolio at 4Q15. These ratios were 1.8% and 3.2%, respectively in 3Q15 and 1.9% and 3.2% 12 months ago. In both cases, current ratios have improved.

Banco Mercantil del Norte's Net Credit Losses (NCL) including write-offs was 1.8%, 14bp higher vs. 3Q15.

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

Past Due Loan Variations (Million Pesos)	
Balance as of September '15	13,717
Transfer from Performing Loans to Past Due Loans	4,191
Portfolio Purchase	696
Renewals	(208)
Cash Collections	(2,387)
Discounts	(237)
Charge Offs	(2,330)
Foreclosures	(43)
Transfer from Past Due Loans to Performing Loans	(992)
Loan Portfolio Sale	(506)
Foreign Exchange Adjustments	3
Balance as of December '15	11,903

Out of the loan book 85% is rated A Risk, 10% B Risk and 5% as Risk C, D and E combined.

Risk Rating of Performing Loans as of 4Q15 - GFNorte

(Million Pesos)

CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	416,795	836	384	168	374	138	1,900
A2	68,672	316	238	6	383	43	985
B1	23,515	120	87	1	559	9	777
B2	22,104	85	32	0	759	18	894
B3	13,076	242	1	3	358	11	615
C1	6,882	115	45	1	274	42	476
C2	5,089	91	-	2	527	68	688
D	12,409	3,075	-	0	1,590	295	4,960
E	3,717	882	-	-	1,345	77	2,304
Total	572,259						
Not Classified	(23)						
Exempt	-						
Total	572,237	5,762	786	182	6,168	701	13,600
Reserves							13,813
Preventive Reserves							212

Notes:

- 1) Loan grading and reserves are as of as of December 31, 2015.
- 2) The loan portfolio is graded following rules issued by the Ministry of Finance and Public Credit (SHCP), and the methodology established by the CNBV.

The Institution uses regulatory methodologies to grade all credit portfolios.

The Institution uses risk ratings: A1, A2, B1, B2, B3, C1, C2, D and E to classify provisions according to the portfolio segment and percentage of the provisions representing the outstanding balance of the loan, and which are set forth in Fifth Section of the "De la constitución de reservas y su clasificación por grado de riesgo" contained in Chapter 5, Title Section of such regulation.

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

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

<i>(Million Pesos)</i>	Total
Distressed Portfolio	9,196
Total Loans	572,237
Distressed Portfolio / Total Loans	1.6%

Loan Loss Reserves and Loan Loss Provisions

Loan Loss Reserves <i>(Million Pesos)</i>	4Q15
Previous Period Ending Balance	15,013
Provisions charged to results	2,331
<u>Charge offs and discounts:</u>	
Commercial Loans	(1,225)
Consumer Loans	(1,995)
Mortgage Loans	(319)
	(3,538)
Cost of debtor support programs	(2)
Valorization and Others	8
Loan Loss Reserves at Period End	13,813

Loan Loss Reserves in 4Q15 totaled Ps 13.81 billion, (8%) lower vs. 3Q15. Moreover, 56% of write-offs, charge-offs and discounts are related to the consumer portfolio, 35% to commercial and 9% to mortgages.

The loan loss coverage ratio was 116% in 4Q15 (115.3% excluding INB), increasing 9.1 pp YoY and 6.6 pp QoQ.

Recent Events

SHAREHOLDERS' MEETINGS

On November 19th, 2015 GFNorte held Ordinary and Extraordinary General Shareholders' Meetings with an attendance of 77.02% of the subscribed, paid and voting shares of the Company's capital. It was approved to:

Ordinary

- I. Modify the Dividend Policy in order that the dividend payment can be between 16% and up to 40% of the net income of the prior year.
- II. Distribute a cash dividend of Ps. 0.2745 per share, corresponding to the first of four installments necessary to cover a dividend representing an equivalent of the 20% of the net profits of 2014, derived from the Fiscal Net Income as of December 31st, 2013. This disbursement was paid last November 30th. Furthermore, it was approved that the subsequent payments be covered in February, June and October 2016, according to Shareholders' Assemblies approval, which in terms of the new dividend policy, may be higher upon consent of GFNorte's Capital Group, with the authorization of the CEO and approval of the corresponding Shareholder's Meeting.
- III. External Auditor's report on the Company's tax situation.

Extraordinary

- I. Amend the Corporate Bylaws (modification to articles Two, Forty-Four and Article Sixty-Four, as well as the addition of articles Sixty-Four Bis and Sixty- Four Bis 1), subject to authorization of the corresponding authorities.
- II. Modification of the Agreement of Shared Responsibilities according to the Law to Regulate Financial Groups, in order to remove Banorte-lxe Tarjetas, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada from it and have Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte as successor of that company, subject to authorization of the corresponding authorities.

AMENDMENTS TO THE INFORMATION RELATED WITH BANORTE'S AND SOFOMS' LIQUIDITY COVERAGE RATIO OF THE THIRD QUARTER OF 2015

On November 20th GFNorte re-submitted the Report of the Financial Results of the third quarter of 2015 as a result of the modifications to Banorte ("Bank") and Sofoms' Liquidity Coverage Ratio ("LCR") components shown in the table below for this period.

	Bank and SOFOM	
	Former	Revised
9 Secured wholesale financing	19,763	19,592
17 Cash Inflows for secured operations	6,560	6,447
20 TOTAL CASH INFLOWS	72,702	72,589
22 TOTAL NET CASH DISBURSEMENTS	69,585	69,526
23 LIQUID COVERAGE RATIO*	101.97%	102.06%

* The LCR at the end of 3Q15 was also revised from 102.11% to 102.38%.

Additionally, the tables of "Evolution of LCR Components" and "Liquidity Gaps" were revised as follows:

Evolution of LCR Components

Component	Former		Revised	
	3Q15	Change vs. 2Q15	3Q15	Change vs. 2Q15
Liquid Assets	68,096	0.8%	-	-
Cash Inflows*	70,558	(6.0%)	70,220	(6.5%)
Cash Outflows	137,248	(6.6%)	136,736	(7.0%)

Liquidity Gaps

Concept	Former		Revised	
	3Q15	Change vs. 2Q15	3Q15	Change vs. 2Q15
Cumulative 30 days Gap	(44,132)	(7.6%)	(43,958)	(8.0%)
Liquid assets	68,096	0.8%	-	-
Net Capital	79,667	(1.0%)	-	-
Liquidity vs Net Capital	85.47%	1.57 pp	-	-

These changes derived from the revision of the preliminary data published last October 22nd. It is worth mentioning that these were the only changes to the content published on the aforementioned date.

RECLASSIFICATION OF CHARGE-OFFS AND DISCOUNTS

On October 23rd, GFNorte amended retrospectively the balances of the Commercial and Consumer loans' Charge-Offs and Discounts, comprising Loan Loss Reserves. These modifications affected balances from 2014 to June 2015.

This change was the result of a classification error between the Commercial and Consumer (excluding mortgage) loan books. It is important to emphasize that this reclassification modified only the aforementioned lines, as it had a compensatory effect and did not affect the final balance of Loan Loss Reserves.

Modified information is shown below:

Loan Loss Reserves (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
Previous Period Ending Balance	14,289	13,909	14,642	15,550	15,287	14,571
Provisions charged to results	2,258	2,733	3,328	2,611	2,559	2,652
Created with profitability margin	0	0	0	0	0	0
Reserve Portfolio Sold	0	0	(166)	0	0	0
Other items	0	0	0	0	0	0
Charge offs and discounts:						
Commercial Loans	(917)	(306)	(304)	(889)	(1,128)	(393)
Consumer Loans	(1,404)	(1,342)	(1,633)	(1,643)	(1,738)	(1,730)
Mortgage Loans	(316)	(348)	(335)	(373)	(422)	(374)
Foreclosed assets	0	0	0	0	0	0
	(2,637)	(1,995)	(2,272)	(2,905)	(3,288)	(2,497)
Cost of debtor support programs	(2)	(2)	(2)	(2)	(1)	(2)
Valorization and Others	0	(3)	20	32	13	10
Adjustments	0	0	0	0	0	0
Loan Loss Reserves at Period End	13,909	14,642	15,550	15,287	14,571	14,734

GFNORTE RECOGNIZED BY CDP AS A LEADER IN SUSTAINABILITY

In November Carbon Disclosure Project (CDP) recognized worldwide efforts of GFNorte to lessen the impact of climate change by selecting it to join the category A of the *Carbon Performance Leadership Index*, thus becoming the first institution in Latin America to occupy the highest position in this index.

GFNorte along with other 112 companies comprising category A, represent 5% of the contestants this year. GFNorte has been evaluated for four years by the CDP methodology, positioning for three years in a row among the more transparent companies in the *Carbon Disclosure Leadership Index* and in 2013 and 2014, in category B of the *Carbon Performance Leadership Index*.

At the request of 822 investors, who represent US \$95 trillion in assets, thousands of companies deliver annual climate information to CDP, international nonprofit organization that encourages companies to i) disclose information on emissions of greenhouse gases, energy use and carbon risks associated with its business activities and ii) measure and reduce the impact of their actions on the environment. Furthermore, CDP thoroughly analyzes both the work of those companies that have implemented initiatives to mitigate climate change and their level of transparency in this task. Top positions reflect a high degree of transparency and disclosure of information related to climate change, thus providing investors with consistent information to assess companies' responsibility and preparation to face market demand and environmental regulation.

Receiving this award is a great honor for GFNorte and supports the commitment to conduct our operations to mitigate and adapt to climate change and our effort to remain as a leader in the sustainability field.

GFNORTE PARTICIPATES IN THE SUSTAINABLE IPC INDEX OF THE MEXICAN STOCK EXCHANGE FOR SIXTH YEAR IN A ROW

GFNorte remains for sixth year in a row in the Sustainable IPC Index of the Mexican Stock Exchange, which is composed by 35 companies that outperformed the average rating for Social Responsibility, Corporate Governance and Environment. This index encourages Mexican companies to keep improving their sustainable performance.

As a sustainable company and leader in this matter, GFNorte has profited from multiple benefits, as well as best environmental practices and cost reduction in processes with lower operational risk.

Being part of the Sustainable IPC is fulfilling as represents a progressive advance in sustainability matters to increase profitability in the long-term.

BANORTE IS ONE BANK; IXE IS ITS PREFERRED BANKING BRAND

In October Ixe, Banorte's preferred banking brand, was re-launched as part of GFNorte's transforming process towards a client-centered bank. Banorte concludes the phase when it was two banks coexisting together and even competing against each other. Today, Banorte is one bank by which it serves the affluent segment through Ixe. As part of the strategy:

- There will be 110 Preferred Ixe Centers, all of them will be ready in 1H16.
- Ixe presence will increase from 11 to 27 states.
- Preferred Contact Centers will have a unique line with specialized agents providing all services.
- Clients will have relationship executives providing individualized assessment.
- Support areas will be centralized to serve clients of this segment.

Consolidated Bank

Consolidated Bank: Banco Mercantil del Norte, Banorte USA, Banorte- Ixe Tarjetas and Afore XXI Banorte (50% ownership).

Income Statement and Balance Sheet Highlights - Consolidated Bank (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change
				3Q15	4Q14			2014
Income Statement								
Net Interest Income	10,712	10,251	10,568	3%	(1%)	38,589	40,432	5%
Non-Interest Income	3,554	3,664	3,767	3%	6%	14,969	14,655	(2%)
Total Income	14,266	13,915	14,335	3%	0%	53,559	55,087	3%
Non-Interest Expense	7,887	6,831	7,118	4%	(10%)	27,037	28,035	4%
Provisions	2,704	2,731	2,442	(11%)	(10%)	11,107	10,401	(6%)
Operating Income	3,675	4,353	4,775	10%	30%	15,414	16,650	8%
Taxes	1,033	1,170	1,270	9%	23%	4,720	4,412	(7%)
Subsidiaries & Minority Interest	342	299	320	7%	(7%)	1,242	1,280	3%
Net Income	2,984	3,482	3,824	10%	28%	11,936	13,518	13%
Balance Sheet								
Performing Loans (a)	463,784	491,116	509,593	4%	10%	463,784	509,593	10%
Past Due Loans (b)	13,912	13,337	11,634	(13%)	(16%)	13,912	11,634	(16%)
Total Loans (a+b)	477,696	504,453	521,227	3%	9%	477,696	521,227	9%
Total Loans Net (d)	462,979	490,011	507,893	4%	10%	462,979	507,893	10%
Acquired Collection Rights (e)	1,518	1,399	1,376	(2%)	(9%)	1,518	1,376	(9%)
Total Loans (d+e)	464,497	491,410	509,269	4%	10%	464,497	509,269	10%
Total Assets	874,908	923,598	917,610	(1%)	5%	874,908	917,610	5%
Total Deposits	498,697	537,430	563,670	5%	13%	498,697	563,670	13%
Total Liabilities	780,117	823,106	815,027	(1%)	4%	780,117	815,027	4%
Equity	94,791	100,492	102,584	2%	8%	94,791	102,584	8%

Financial Ratios - Consolidated Bank	4Q14	3Q15	4Q15	2014	2015
Profitability:					
NIM (1)	5.3%	4.8%	5.0%	4.9%	4.7%
NIM after Provisions (2)	4.0%	3.5%	3.8%	3.5%	3.5%
ROE (3)	12.9%	14.0%	15.1%	13.7%	13.7%
ROA (4)	1.4%	1.5%	1.7%	1.4%	1.5%
Operation:					
Efficiency Ratio (5)	55.3%	49.1%	49.7%	50.5%	50.9%
Operating Efficiency Ratio (6)	3.6%	2.9%	3.1%	3.2%	3.1%
Liquidity Ratio- Basel II	104.1%	N.A.	N.A.	104.1%	N.A.
Average Liquidity Coverage Ratio for Banorte and SOFOM - Basel III (7)	n.a.	101.97%	107.77%	n.a.	107.77%
Asset Quality:					
Past Due Loan Ratio	2.9%	2.6%	2.2%	2.9%	2.2%
Coverage Ratio	105.8%	108.3%	114.6%	105.8%	114.6%
Past Due Loan Ratio w/o Banorte USA	3.0%	2.7%	2.3%	3.0%	2.3%
Coverage Ratio w/o Banorte USA	105.4%	107.7%	113.8%	105.4%	113.8%
Growth (8)					
Performing Loans (9)	10.5%	12.5%	9.9%	10.5%	9.9%
Core Deposits	13.5%	15.6%	16.6%	13.5%	16.6%
Total Deposits	12.3%	15.8%	13.0%	12.3%	13.0%
Capitalization:					
Net Capital/ Credit Risk Assets	21.7%	21.2%	20.3%	21.7%	20.3%
Total Capitalization Ratio	15.3%	14.9%	14.6%	15.3%	14.6%

- 1) NIM = Annualized Net Interest Margin for the quarter / Average of Performing Assets.
- 2) NIM = Annualized Net Interest Margin for the quarter adjusted for Credit Risks / Average of Performing Assets.
- 3) Net Income of the period annualized as a percentage of the quarterly average of Equity (excluding minority interest) for the same period.
- 4) Net Income of the period annualized as a percentage of the quarterly average of Total Assets (excluding minority interest) for the same period.
- 5) Non-Interest Expenses / Total Income.
- 6) Annualized Non-Interest Expenses of the quarter / Average of Total Assets.
- 7) CCL calculation is preliminary and will be updated once Banco de Mexico publishes official indicators.
- 8) Growth compared to the same period of the previous year.
- 9) Does not include Fobaproa / IPAB and proprietary portfolio managed by the Recovery Bank.

Net Interest Income

During 2015, Net Interest Income increased 5% YoY to Ps 40.43 billion mainly as a result of the 9% growth in Net Interest Income from loans. **In 4Q15, Net Interest Income amounted to Ps 10.57 billion, increasing 3% QoQ**, driven by the 4% hike in NII from loans and the 8% growth in net fees due to higher loan volume.

The NIM was 4.7% in 2015, lower by (0.1 pp) over the same period last year, **on a quarterly basis it was 5.0%**, 0.2 pp higher vs. 3Q15 due to the combined effect of a 3% growth in NII and a (1%) decline in earning assets. Moreover, the **NIM adjusted for Credit Risks was 3.5% in 2015**, flat vs. 2014. **In 4Q15, this ratio amounted to 3.8%**, higher in 0.3 pp vs. 3Q15 as a result of a +3% increase in Net Interest Income, as well as lower provisions (-11%) and earning assets (-1%).

Loan Loss Provisions

In 2015 Loan Loss Provisions totaled Ps 10.40 billion in 2015, (6%) lower YoY driven mainly by lower provision charges on the corporate, commercial and government loan balances, which offset higher ordinary reserves in credit card and payroll books. **During the quarter, provisions amounted Ps 2.44 billion**, down (11%) vs. 3Q15 primarily due to lower provision charges in the mortgage and government books.

Non-Interest Income

During 2015, Non-Interest Income totaled Ps 14.66 billion, down (2%) YoY, as a result of lower trading revenues and Other Operating Income (Expenses). These were not offset by higher service fees +17%. **In 4Q15, Non-Interest Income amounted to Ps 3.77 billion**, +3% QoQ, driven by growth in all segments, except trading revenue which was down on market volatility.

Core banking services (account management, fund transfers and electronic banking services) kept growing importantly, +21% vs. 2014 and +6% vs. 3Q15.

Non-Interest Expenses

Non-Interest Expenses in 2015 totaled Ps 28.04 billion, increasing only 4% YoY as a result of the reduction in Personnel Expenses and Professional Fees during the first half of the year, which offset higher administrative and promotional expenses, as well as IT expenses. **In 4Q15, Non-Interest Expenses amounted to Ps 7.12 billion, +4% QoQ** driven by a reduction in all lines, except for Personnel Expenses.

The Efficiency Ratio for 2015 was 50.9%, +0.4 pp YoY; whereas, the **quarterly ratio was 49.7%** higher in 0.6 pp vs 3Q15. Both changes were explained by a faster pace of growth in Operating Expenses vs. total income.

Net Income

Net Income in 2015 was Ps 13.52 billion, growing 13% YoY driven by higher Net Interest Income, as well as lower provisions and taxes, which compensated lower Non-Interest Income. **On a quarterly basis, net income was P 3.82 billion**, +10% vs. 3Q15 due to higher revenues, lower provisions and higher profits from subsidiaries and minority interest, offsetting higher Non-Interest Expenses and taxes. **Net Income for the Consolidated Bank in 2015, according to GFNorte's participation in this sector and excluding Afore XXI Banorte results, was Ps 12.06 billion**, +15% YoY, contributing 70% of the Financial Group's profits. **SOFOM Banorte-Ixe Tarjetas posted net profits of Ps 2.12 billion in 2015**, 17% higher YoY, contributing 12.4% of the Financial Group's profits.

ROE for 2015 of the Consolidated Bank was 13.7%, flat YoY; **this ratio for 4Q15 was 15.1%**, higher by 1.1 pp vs. 3Q15. **ROA for 2015 was 1.5%**, 0.1 pp higher vs. 2014; whereas, **as of 4Q15, ROA stood at 1.7%**, +0.2 pp vs. 3Q15.

NPL Ratio

The Consolidated Bank's NPL Ratio for 4Q15 was 2.2%, lower in (0.7 pp) vs. 4Q14 and in (0.4 pp) vs. 3Q15.

Long Term Savings

LONG TERM SAVINGS (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Afore (1)								
Net Income	655	575	608	6%	(7%)	2,408	2,485	3%
Shareholder's Equity	23,982	23,659	23,667	0%	(1%)	23,982	23,667	(1%)
Total Assets	25,282	24,932	25,067	1%	(1%)	25,282	25,067	(1%)
AUM (SIEFORE)*	605,816	615,180	625,821	2%	3%	605,816	625,821	3%
ROE	10.9%	9.8%	10.3%	0.4 pp	(0.7 pp)	10.0%	10.6%	0.7 pp
Insurance- Seguros Banorte								
Total Operating Income	960	941	1,028	9%	7%	3,387	4,133	22%
Non-Interest Expense	248	237	280	18%	13%	845	966	14%
Operating Income	711	705	748	6%	5%	2,543	3,167	25%
Taxes	199	213	217	2%	9%	781	952	22%
Subsidiaries & Minority Interest	(2)	(2)	(1)	(43%)	(46%)	(3)	(5)	66%
Net Income	511	490	530	8%	4%	1,759	2,210	26%
Shareholder's Equity	5,094	6,278	6,331	1%	24%	5,094	6,331	24%
Total Assets	24,153	25,597	26,139	2%	8%	24,153	26,139	8%
Technical Reserves	13,629	13,519	14,051	4%	3%	13,629	14,051	3%
Premiums sold	4,583	3,476	4,464	28%	(3%)	17,100	17,078	(0%)
Coverage ratio of technical reserves	1.3	1.4	1.4	(0.0 pp)	0.0 pp	1.3	1.4	0.0 pp
Capital coverage ratio of minimum guarantee	2.0	2.2	2.2	(0.0 pp)	0.3 pp	2.0	2.2	0.3 pp
Coverage ratio of minimum capital	58.1	68.9	69.4	0.5 pp	11.3 pp	58.1	69.4	11.3 pp
ROE	42.6%	32.6%	33.8%	1.2 pp	(8.8 pp)	39.2%	38.1%	(1.2 pp)
Annuities								
Total Operating Income	185	221	272	23%	47%	680	869	28%
Non-Interest Expense	77	80	60	(24%)	(22%)	280	282	1%
Operating Income	108	141	212	50%	96%	401	587	47%
Taxes	35	46	68	49%	93%	128	190	48%
Subsidiaries & Minority Interest	2	2	1	(43%)	(46%)	3	5	65%
Net Income	74	97	144	49%	95%	276	402	46%
Shareholder's Equity	1,375	1,534	1,629	6%	19%	1,375	1,629	19%
Total Assets	61,729	66,977	68,988	3%	12%	61,729	68,988	12%
Technical Reserves	59,879	64,841	66,713	3%	11%	59,879	66,713	11%
Premiums sold	2,021	1,654	1,572	(5%)	(22%)	8,048	7,241	(10%)
Coverage ratio of technical reserves	1.0	1.0	1.0	0.0 pp	0.0 pp	1.0	1.0	0.0 pp
Coverage ratio of minimum capital	9.7	10.4	11.0	0.1 pp	0.1 pp	9.7	11.0	1.3 pp
ROE	21.0%	26.2%	36.5%	10.3 pp	15.5 pp	20.4%	27.0%	6.6 pp

1) Afore XXI Banorte's results are shown in Banco Mercantil del Norte through the equity participation method. For comparative purposes, Afore XXI Banorte's full net income is included in this section.

Afore XXI Banorte

Afore XXI Banorte posted net profits of Ps 2.49 billion for 2015, 3% higher vs. 2014 due to higher revenue, lower operating expenses and unrealized valuation losses on its invested equity. **Quarterly profits amounted to Ps 608 million**, 6% higher QoQ – recovering from the quarterly decline of 3Q15 - as profits increased by Ps 168 million on the back of higher revenue.

ROE for Afore XXI Banorte as of December 2015 was 10.6%, 0.7 pp higher YoY; excluding goodwill, **tangible ROE is 37.7%**. **As of 4Q15 ROE was 10.3%**, 0.4 pp higher QoQ. Afore XXI Banorte contributed with 7.1% of the Financial Group's profits in the year.

Assets under management as of December 2015 totaled Ps 625.82 billion, an increase of 2% and 3% QoQ and YoY, respectively.

According to CONSAR, to November 2015 Afore XXI Banorte had a 24.7% share in managed funds, ranking 1st in the market, with 11.11 million accounts (this number does not include 6.6 million accounts managed by Afore XXI with resources deposited in Banco de Mexico), which represent a 23.3% share of the total number of accounts in the system, making it the market leader.

Seguros Banorte

During 2015, Seguros Banorte reported profits of Ps 2.21 billion, a 26% YoY increase driven by strong growth in premium income and lower reserves requirements, offsetting higher damages, claims and other obligations, as well as operating expenses. Seguros Banorte's net income represented 12.9% of the Financial Group's profits for 2015.

Quarterly earnings totaled Ps 530 million, growing 8% sequentially on better technical results, but more expenses.

Premium income (net) increased 11% YoY, totaling Ps 12.37 billion in 2015. Moreover, **Technical Reserves totaled Ps 14.05 billion**, growing 3% YoY.

ROE for the insurance company was 38.1% in 2015, (1.2 pp) lower YoY; whereas, ROE for 4Q15 was 33.8%, increasing 1.2 pp QoQ.

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

- i. Risks assumed through the issuance of insurance premiums and bonds, with respect to operations and authorized branches of cancelled operations.
 - *No cancellations were registered during 4Q15 that involved any technical risk.*
- ii. Damages and claims, as well as the fulfillment with reinsurers and bonding companies according to their participation.
 - *In 4Q15 damage ratios remained under control.*
- iii. Costs derived from placement of insurance policies and bonds.
 - *There were no relevant events to disclose in 4Q15.*
- iv. Transfer of risks through reinsurance and bonding contracts
 - *In the P&C book three important businesses, two related to manufacturing industry and one to the construction industry, were ceded to reinsurers, mainly foreign entities, by which 100% of the risk was transferred.*
- v. Contingencies arising from non-fulfillment by reinsurers and bonding companies.
 - *There were no relevant events in 4Q15.*

Pensiones Banorte

During 2015, Pensiones Banorte reported profits of Ps 402 million, +46% YoY driven by fewer technical reserves, offsetting lower interest income. Annuities contributed with 2.4% of the Financial Group's yearly profits. **During 4Q15, Pensiones Banorte reported profits of Ps 144 million**, up 49% sequentially on higher Net Interest Income and lower Operating Expenses.

ROE was 27.0% in 2015, 6.6 pp higher vs. 2014; furthermore, **ROE for 4Q15 was 36.5%**, increasing 10.3 pp QoQ.

Brokerage

Brokerage Sector (Million Pesos)	4Q14	3Q15	4Q15	Change		2014	2015	Change
				3Q15	4Q14			2014
Net Income	175	236	183	(22%)	5%	931	790	(15%)
Shareholder's Equity	2,799	3,157	3,309	5%	18%	2,799	3,309	18%
Assets Under Custody	732,713	734,891	724,410	(1%)	(1%)	732,713	724,410	(1%)
Total Assets	102,373	120,631	149,848	24%	46%	102,373	149,848	46%
ROE	26.3%	31.1%	22.7%	(8.4 pp)	(3.6 pp)	34.0%	26.2%	(7.8 pp)
Net Capital								
Net Capital (1)	2,353	2,544	2,641	4%	12%	2,353	2,641	12%

1) Net capital structure: Tier 1 =Ps 2.64 billion, Tier 2 = Ps 0 million.

Net Income

The Brokerage Sector (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe) reported profits of Ps 790 million in 2015, (15%) lower YoY due to lower Net Interest Income and trading revenues, which could not be offset by a reduction in non-interest expense and lower tax payments. Net Income during 2015 represented 5% of the Financial Group's profits.

In 4Q15 Net Income amounted to Ps 183 million, decreasing (22%) vs. 3Q15 as a result of lower non-interest income and higher non-interest expenses and operating expenses; such factors were not compensated by higher Net Interest Income.

Assets Under Management

At the end of 4Q15, AUMs totaled Ps 724.4 billion, decreasing (1%) YoY and QoQ.

At the end of 4Q15, assets managed by Banorte-Ixe mutual funds totaled Ps 136.7 billion, an annual decline of (5%). Assets held in fixed income funds totaled Ps 120.7 billion, (4%) lower YoY, while equity funds held assets amounting to Ps 16.0 billion, decreasing (13%) YoY. At the end of December, Banorte had a 7.2% share of the mutual fund market, comprised of 8.7% in fixed income funds and 3.1% in equity funds.

SOFOM & Other Finance Companies

SOFOM & Other Finance Companies <i>(Million Pesos)</i>	4Q14	3Q15	4Q15	Change		2014	2015	Change 2014
				3Q15	4Q14			
Leasing and Factoring								
Net Income	209	154	148	(4%)	(29%)	700	571	(18%)
Shareholder's Equity	3,735	4,159	4,297	3%	15%	3,735	4,297	15%
Loan Portfolio (1)	21,237	21,892	23,220	6%	9%	21,237	23,220	9%
Past Due Loans	181	210	175	(17%)	(3%)	181	175	(3%)
Loan Loss Reserves	309	352	310	(12%)	0%	309	310	0%
Total Assets	21,623	22,306	23,336	5%	8%	21,623	23,336	8%
ROE	22.5%	15.1%	14.0%	(1.1 pp)	(8.5 pp)	20.0%	14.2%	(5.7 pp)
Warehousing								
Net Income	22	8	6	(26%)	(72%)	45	31	(30%)
Shareholder's Equity	218	240	246	3%	12%	218	246	12%
Inventories	922	596	462	(23%)	(50%)	922	462	(50%)
Total Assets	1,127	747	619	(17%)	(45%)	1,127	619	(45%)
ROE	34.2%	14.1%	10.1%	(4.0 pp)	(24.1 pp)	16.6%	13.5%	(3.1 pp)
Sólida Administradora de Portafolios								
Net Income	(70)	(107)	191	(280%)	(372%)	(178)	(106)	(41%)
Shareholder's Equity	3,946	3,652	4,874	33%	24%	3,946	4,874	24%
Loan Portfolio	3,926	2,919	2,575	(12%)	(34%)	3,926	2,575	(34%)
Past Due Loans	213	170	94	(45%)	(56%)	213	94	(56%)
Loan Loss Reserves	260	219	168	(23%)	(35%)	260	168	(35%)
Total Assets	16,843	15,330	16,995	11%	1%	16,843	16,995	1%
Ixe Servicios								
Net Income	0.0	0.3	0.1	(43%)	1431%	1.5	0.4	(73%)
Shareholder's Equity	145	146	146	0%	0%	145	146	0%
Total Assets	147	146	146	(0%)	(1%)	147	146	(1%)
ROE	0.0%	0.7%	0.4%	(0.3 pp)	0.4 pp	3.2%	0.3%	(2.9 pp)

1) Includes pure leasing portfolio and fixed asset amounting to Ps 28 million registered in property, furniture and equipment (net).

Leasing and Factoring

In 2015 Arrendadora y Factor Banorte reported profits of Ps 571 million, down (18%) YoY on higher taxes; yet, profits before taxes **grew 17%**. The Leasing and Factoring Company contributed 3.3% of the Financial Group's profits in 2015.

In 4Q15 earnings totaled Ps 148 million, (Ps 6) million or (4%) lower vs. 3Q15 as a result of lower revenues from the sale of leased assets, whose agreements finalized.

At the end of 4Q15, the **Past Due Loans Ratio was 0.8%**, decreasing (0.3 pp) and (0.1 pp) vs. 3Q15 and 4Q14 respectively; while the **Coverage ratio was 176.9%**, increasing 6.4 pp vs. 4Q14 and 9.1 pp vs. 3Q15. The **Capitalization ratio estimated as of December was 17.8%** considering total risk-weighted assets of Ps 23.90 billion.

Arrendadora y Factor Banorte continues to be the market leader in loans and assets among the 47 companies, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. (AMSOFAC).

Warehouse

In 2015, Warehouse posted profits of Ps 31 million, decreasing (Ps 14) million or (30%) YoY as a result of reduced Other Operating Income, which were not offset by greater trading revenues and net interest income. Almacenedora Banorte contributed 0.2% of the Financial Group's profits in 2015.

In 4Q15, earnings totaled Ps 6 million, (Ps 2) million lower QoQ as a result of fewer total income and higher tax payments.

ROE for 2015 was 13.5%, (3.1 pp) lower YoY; **ROE for 4Q15 was 10.1%**, decreasing (4.0 pp) QoQ.

At the end of 4Q15, the Capitalization Ratio was 158% considering net capital of Ps 216 million and certificates for sale issued in warehouses of Ps 2.74 billion, according to the new methodology. Almacenedora Banorte ranks third among the 16 warehouses of this sector in terms of profits generated.

Sólida Administradora de Portafolios

During 2015, Sólida Administradora de Portafolios reported a loss of (Ps 106) million on low revenue growth. **In 4Q15 Sólida reported net profits of Ps 191 million**, mainly related to a transaction recorded in December, explained below.

During December, Sólida made an equity injection to Corporación Geo for a net amount of Ps 2.28 billion. The investment was registered as securities held for sale. To fund this transaction, Sólida received a capital injection from GFNorte of Ps 1.27 billion and funded the difference with debt. At yearend, the valuation loss on this holding was (Ps 84) million.

As part of this transaction, Sólida received warrants to subscribe Corporación Geo's shares within a 12-year term, which was registered in the Financial Instruments Option account for a balance of Ps 323 million pesos. Revenue for a similar amount was recorded in Other Income/Expense. At yearend, the valuation loss on the option was (Ps 28) million recorded in trading income.

As part of the restructuring agreement instructed by the Judge in Corporación Geo's bankruptcy process, Sólida received shares among other assets in exchange for an overdue account recognized in the bankruptcy process. The shares were registered as securities held for sale and the valuation loss recorded at yearend was (Ps 182.7) million in the equity accounts.

During the quarter Sólida reached a debt settlement, instructed by the Judge in the bankruptcy process of Desarrolladora Homex by which it received shares, in exchange for unsecured debt recognized in the bankruptcy process, for a balance of Ps 102.7 million. This transaction generated Other Income for a similar amount. The shares were registered as available for sale. Also, Sólida received shares in exchange of overdue loans for Ps 43 million. The shares were recorded as available for sale, net of reserves, and the yearend valuation loss was (Ps 32) million registered in equity accounts.

Recovery Banking

Income Statement Highlights - Recovery Banking

(Million Pesos)	2014	2015	Var. Vs. 2014
Net Interest Income	17	26	53%
Loan Loss Provisions	3	(7)	(359%)
Non Interest Income	1,687	2,166	28%
Non Interest Expense	(957)	(1,101)	15%
Pre-tax Income & Subsidiaries	750	1,084	45%
Income Tax and Profit Sharing	(177)	(267)	51%
Net Income	573	818	43%

Assets Under Management (Million Pesos)	4Q15	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
Banking Sector Portfolio- Banorte:	96,972	Banorte's Portfolio and Reposessed Assets	Net Interest Income and Other Revenues and Expenses
Loans purchased and managed:	28,155	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
Investment Projects:	6,304	Solida Asset Management and Banorte	Non Interest Income
Total	131,431		

- Net Income**

Recovery Banking posted profits of Ps 818 million in 2015, 43% higher than the same period in 2014, driven by higher Non-Interest Income and Net Interest Income, which offset higher Non-Interest Expenses, tax payments and provisions. The Recovery Banking's accumulated net income was 4.8% of the Group's profits.

- Assets Under Management**

The Recovery Bank managed total assets of Ps 97 billion at the end of 4Q15, of which 28% correspond to mortgage loans, 18% to credit cards, 18% to crediactivo, 16% to payroll loans, 7% to foreclosed assets, 7% to car loans, 4% to middle market companies and 2% to other loans. Gross revenues in 2015 amounted to Ps 1.18 billion, 21% higher YoY.

At the end of 4Q15, of the **acquired assets managed by the Recovery Bank** 37% were mortgages, 21% loans to middle market companies and commercial, 20% were assets managed on behalf of the Mexican mortgages agency SHF, 12% were real estate portfolios and 10% were foreclosed assets and payments in kind. Gross income from these portfolios was Ps 995 million in 2015, 15% higher YoY.

III. General Information

Infrastructure

Infraestructura	4T14	3T15	4T15
Personal (1)	27,898	26,990	27,574
Sucursales Banorte - Ixe	1,269	1,187	1,191
Sucursales INB	20	20	20
Cajeros Automáticos	7,297	7,234	7,425
Terminales Punto de Venta (TPV's)	162,352	151,081	155,893

1) Includes Banking Sector and Afore hired and outsourcing personnel.

GFNorte's Analyst Coverage

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

TICKER: GFNORTEO

BROKER	ANALYST	RECOMMENDATION	DATE
Actinver	Carlos Hermosillo	Buy	26-Jan-15
Barclays	Victor Galliano	Buy	22-Oct-15
BBVA	Germán Velasco	Buy	6-Jul-15
Bradesco	Bruno Chemmer	Buy	16-Apr-15
Brasil Plural	Eduardo Nishio	Buy	22-Oct-15
BTG Pactual	Eduardo Rosman	Buy	14-Jan-16
BX+	Paulina Núñez	Buy	23-Oct-15
Citi	Daniel Abut	Buy	12-Jan-16
Credit Suisse	Marcello Telles	Buy	27-Oct-15
GBM	Lilian Ochoa	Buy	12-Oct-15
HSBC	Carlos Gómez	Buy	25-Sep-15
Interam	Fernanda Simón	Buy	22-Oct-15
JP Morgan	Saul Martínez	Buy	14-Jan-16
Punto	Héctor Romero	Buy	17-Dec-15
Santander		Buy	2-Dec-15
UBS	Philip Finch	Buy	2-Dec-15
Vector	Rafael Escobar	Buy	23-Oct-15
BOFA - Merrill Lynch	Mario Pierry	Hold	5-Jan-16
Deutsche Bank	Tito Labarta	Hold	26-Oct-15
Goldman Sachs	Carlos Macedo	Hold	23-Oct-15
Invex	Ana Sepúlveda	Hold	12-May-15
Itaú BBA	Thiago Batista	Hold	22-Oct-15
Morgan Stanley	Jorge Kuri	Hold	26-Oct-15
Nau	Iñigo Vega	Hold	2-Oct-15

Ratings

International Ratings - GFNorte				
Rating Agency	Rated Institutions	Rating	Category	Date
Standard & Poor's	Banco Mercantil del Norte	STABLE	Outlook	April, 2015
		BBB	Counterparty credit - Long term foreign currency	
		BBB	Counterparty credit - Long term local currency	
		A-2	Counterparty credit - Short term foreign currency	
		A-2	Counterparty credit - Short term local currency	
		BBB	Senior Unsecured Notes	
		BB	Subordinated Junior Notes (from the merged Ixe Banco)	
Fitch	Grupo Financiero Banorte	STABLE	Outlook	March, 2015
		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	
		BBB-	Support Rating Floor	
Moody's	Banco Mercantil del Norte	2	Support Rating - Banco Mercantil del Norte	December, 2015
		BB	Subordinated Junior Notes (from the merged Ixe Banco)	
		STABLE	Outlook BFSR	
		baa1	Baseline Credit Assessment	
		STABLE	Outlook	
		A3	Long term local currency deposits*	
		A3	Long term foreign currency deposits	
		P-2	Short term local currency deposits*	
		P-2	Short term foreign currency deposits	
		A3	Long term foreign currency senior debt*	
		Baa2	Long term local currency subordinated debt	
		Baa2 (hyb)	Long term foreign currency subordinated debt	
		Baa3 (hyb)	Long term local currency junior subordinated debt	
		Baa3 (hyb)	Long term foreign currency junior subordinated debt	
		baa1	Adjusted baseline credit assesment	
		A2 (cr)	Long term counterparty risk assesment	
		Prime-1 (cr)	Short term counterparty risk assesment	
	Arrendadora y Factor Banorte	STABLE	Outlook	
		Baa1	Long term local currency issuer*	
		P-2	Short term local currency issuer	
		(P)Baa1	Long term local currency senior debt*	
		(P)P-2	Short term local currency senior debt	

Domestic Ratings - GFNorte

Rating Agency	Rated Institutions	Rating	Category	Date
Standard & Poor's	Banco Mercantil del Norte	STABLE	Outlook	April, 2015
		mxA-1+	National Scale Counterparty credit - Short term	
		mxAAA	National Scale Counterparty - Long term	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		mxA-1+	National Scale Counterparty credit - Short term	
		mxAAA	National Scale Counterparty credit - Long term	
Fitch	Banco Mercantil del Norte	STABLE	Outlook	March, 2015
		AAA (mex)	National Scale Counterparty - Long term	
		F1+ (mex)	National Scale Counterparty - Short term	
		F1+ (mex)	Depo. Certi. y P.R.L.V. short Term	
		AA+ (mex)	Depo. Certi. y P.R.L.V. long term	
	Casa de Bolsa Banorte Ixe	STABLE	Outlook	
		F1+ (mex)	National Scale - Short term	
		AAA (mex)	National Scale - Long term	
	Arrendadora y Factor Banorte	F1+ (mex)	National Scale Counterparty - Short term	
		AAA (mex)	National Scale Counterparty - Long term	
		F1+ (mex)	National Scale - Unsecured Debt - Short term	
		AAA (mex)	National Scale - Unsecured Debt - Long term	
	Almacenadora Banorte	F1+ (mex)	National Scale Counterparty - Short term	
		AAA (mex)	National Scale Counterparty - Long term	
	Pensiones Banorte	ESTABLE	Outlook	
		AAA (mex)	National Scale	
	Seguros Banorte Generali	STABLE	Outlook	February, 2015
		AAA (mex)	Financial Strenght	
Moody's	Banco Mercantil del Norte	STABLE	Outlook	December, 2015
		Aaa.mx	National Scale - Long term deposits	
		MX-1	National Scale - Short term deposits	
		Aa1.mx	Subordinated debt - Long term	
		Aa2.mx	Junior Subordinated debt - Long term	
	Arrendadora y Factor Banorte	STABLE	Outlook	
		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, 2015
		HR AAA	Long term debt	
		HR+1	Short term debt	
		HR AA+	Subordinated Debt Preferential	

Ownership on Subsidiaries

GFNorte Ownership of Subsidiaries	4Q15
Banco Mercantil del Norte, S.A. (1)	98.22%
Banorte USA (2)	100.00%
Afore XXI Banorte S.A. de C.V. (2)	50.00%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM	99.99%
Almacenadora Banorte, S.A. de C.V.	99.99%
Pensiones Banorte, S.A. de C.V.	99.99%
Seguros Banorte S.A. de C.V.	99.99%
Casa de Bolsa Banorte Ixe, S.A. de C.V.	99.99%
Operadora de Fondos Banorte Ixe, S.A. de C.V.	99.99%
Ixe Servicios, S.A. de C.V.	99.99%
Sólida Administradora de Portafolios, S.A. de C.V., SOFOM	98.83%

1. Considers as of 3Q14 a 98.22% stake of GFNorte.

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 December'15
Number of Issued Shares	2,773.73
Number of Shares Outstanding	2,773.73
Shares held in the bank's Treasury	0

Group's Main Officers

Group's Main Officers 4Q15	
NAME	CURRENT POSITION
José Marcos Ramírez Miguel	Chief Executive Officer, Grupo Financiero Banorte
BUSINESS UNITS	
Armando Rodal Espinosa	Managing Director – Wholesale Banking
Carlos Eduardo Martínez González	Managing Director – Retail Banking
Manuel Romo Villafuerte	Managing Director – Consumer Products
Fernando Solís Soberón	Managing Director – Long Term Savings
STAFF	
Rafael Arana de la Garza	Chief Operating Officer & Chief Financial Officer
Guillermo Chávez Eckstein	Chief Credit & Risk Officer
Isaías Velazquez González	Managing Director - Internal Audit

Integration of the Board of Directors as of December 2015

Board of Directors for the fiscal year 2015, appointed and approved in the Annual General Shareholders' Meeting held on April 24, 2015.

Grupo Financiero Banorte Board of Directors

PROPRIETARY MEMBERS

Carlos Hank González	Chairman
Juan Antonio González Moreno	
David Villarreal Montemayor	
José Marcos Ramírez Miguel	
Everardo Elizondo Almaguer	Independent
Patricia Armendáriz Guerra	Independent
Héctor Reyes-Retana y Dahl	Independent
Juan Carlos Braniff Hierro	Independent
Armando Garza Sada	Independent
Alfredo Elías Ayub	Independent
Adrián Sada Cueva	Independent
Vacant*	Independent
Alejandro Burillo Azcárraga	Independent
José Antonio Chedraui Eguía	Independent
Alfonso de Angoitia Noriega	Independent

ALTERNATE MEMBERS

Graciela González Moreno	
Juan Antonio González Marcos	
José María Garza Treviño	Independent
Robert William Chandler Edwards	Independent
Alberto Halabe Hamui	Independent
Roberto Kelleher Vales	Independent
Manuel Aznar Nicolás	Independent
Guillermo Mascareñas Milmo	Independent
Ramón A. Leal Chapa	Independent
Isaac Becker Kabacnik	Independent
Eduardo Livas Cantú	Independent
Vacant**	Independent
Javier Braun Burillo	Independent
Rafael Contreras Grosskelwing	Independent
Guadalupe Phillips Margain	Independent

*As of July, 23, 2015, Miguel Aleman Magnani is no longer part of GFNorte's and Banorte's Boards of Directors.

**As of July, 23, 2015, Lorenzo Lazo Margain is no longer part of GFNorte's and Banorte's Boards of Directors.

IV. Financial Statements

Holding

Income Statement-Holding (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	2014	2015
Income Subsidiaries	3,646	3,780	3,968	3,852	3,900	4,020	4,299	4,958	15,246	17,177
Interest Income	44	22	20	7	3	8	16	21	93	48
Interest Expense	-	-	-	-	-	-	-	-	-	-
Fees & Tariffs	(0)	(0)	(0)	(0)	-	-	-	-	(0)	-
Trading Income	-	-	-	-	-	-	-	-	-	-
Other Operating Income (Expenses)	1	0	-	-	-	-	-	(2)	1	(2)
Non-Interest Expense	27	28	27	31	27	26	30	26	113	108
Pre-Tax Income	3,664	3,774	3,960	3,827	3,876	4,003	4,285	4,951	15,226	17,115
Income Tax	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	0	(0)	(118)	(9)	(4)	(1)	6	20	(127)	21
Taxes	0	(0)	(118)	(9)	(4)	(1)	6	20	(127)	21
Net Income from Continuous Operations	3,664	3,774	4,078	3,837	3,880	4,003	4,278	4,932	15,354	17,093
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Net Income	3,664	3,774	4,078	3,837	3,880	4,003	4,278	4,932	15,354	17,093

Holding - Balance Sheet (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
ASSETS								
Cash and Due from Banks	305	279	231	99	30	92	19	13
Margin Accounts	-	-	-	-	-	-	-	-
Investment in Securities	-	-	-	-	-	-	-	-
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	2,400	2,100	1,300	500	190	1,260	2,305	1,800
Securities Lending	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Operations w/Derivatives & Securities	2,400	2,100	1,300	500	190	1,260	2,305	1,800
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	54	58	62	63	63	61	59	59
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	-	-	-	-	-	-	-	-
Real Estate, furniture & equipment, Net	-	-	-	-	-	-	-	-
Investment in Subsidiaries	95,903	100,536	104,631	109,558	113,124	114,658	117,008	120,714
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	4	4	122	131	136	136	130	110
Goodwill and Intangibles	10,909	10,886	10,863	10,840	10,819	10,796	10,773	10,750
Other Assets Short and Long Term	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-
	106,870	111,483	115,677	120,593	124,141	125,651	127,969	131,633
TOTAL ASSETS	109,575	113,863	117,209	121,191	124,361	127,003	130,293	133,445

Holding - Balance Sheet (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
LIABILITIES								
Demand Deposits	-	-	-	-	-	-	-	-
Senior Unsecured Debt	-	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-	-
Due to Banks & Correspondents	-	-	-	-	-	-	-	-
Total Collateral sold	-	-	-	-	-	-	-	-
Total Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	0	0	-	1	10	676	1	3
Subordinated Non Convertible Debt	-	-	-	-	-	-	-	-
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	0	0	-	1	10	676	1	3
EQUITY								
Paid-in Capital	14,664	14,664	14,664	14,648	14,643	14,614	14,612	14,610
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	35,500	35,797	35,815	36,334	36,207	36,371	36,225	36,268
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	50,163	50,460	50,479	50,983	50,850	50,985	50,837	50,878
Capital Reserves	5,811	7,014	7,014	6,657	6,563	5,854	5,809	5,765
Retained Earnings	50,846	49,628	49,105	48,429	63,123	61,770	61,770	61,008
Surplus (Deficit) of Secs Available for Sale	734	833	541	605	779	74	(532)	(1,544)
Results from Valuation of Hedging Secs	(734)	(594)	(709)	(762)	(1,026)	(578)	(685)	(828)
Results from Conversions	(909)	(916)	(737)	(75)	181	339	930	1,070
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	3,664	7,438	11,517	15,354	3,880	7,884	12,162	17,093
Earned Capital	59,411	63,403	66,730	70,208	73,501	75,342	79,455	82,564
Minority Interest	-	-	-	-	-	-	-	-
Total Equity	109,575	113,863	117,209	121,191	124,351	126,327	130,292	133,442
TOTAL LIABILITIES & EQUITY	109,575	113,863	117,209	121,191	124,361	127,003	130,293	133,445

Holding - Memorandum Accounts (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
TOTAL ON BEHALF OF THIRD PARTIES	-	-	-	-	-	-	-	-
Properties in Custody or Management	3,716	3,716	3,716	3,716	3,716	3,716	3,716	3,716
Collateral Received	-	-	-	-	-	-	2,308	1,784
Proprietary Transactions	3,716	3,716	3,716	3,716	3,716	3,716	6,024	5,500
TOTAL PROPRIETARY	3,716	3,716	3,716	3,716	3,716	3,716	6,024	5,500

Grupo Financiero Banorte

Income Statement -GFNorte (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	2014	2015
Interest Income	17,835	16,985	17,009	18,511	16,612	16,501	17,618	18,251	70,341	68,983
Interest Expense	7,213	7,256	6,428	6,597	5,556	5,986	6,031	5,792	27,494	23,365
Charged Fees	338	325	441	1,134	284	297	326	350	2,238	1,256
Fees Paid	85	95	100	88	90	96	96	101	367	383
Net Interest Income from interest & fees (Nil)	10,875	9,960	10,923	12,960	11,251	10,716	11,817	12,709	44,718	46,492
Premium Income (Net)	4,971	3,914	4,507	5,301	5,337	4,535	4,225	4,977	18,693	19,074
Net Increase in Technical Reserves	3,109	1,021	2,119	3,406	2,478	1,130	1,186	2,337	9,655	7,131
Damages, Claims and Other Obligations	2,385	2,425	2,436	2,412	2,475	2,543	3,015	2,994	9,659	11,027
Net Interest Income (Nil)	10,352	10,428	10,875	12,441	11,635	11,577	11,840	12,355	44,096	47,408
Preventive Provisions for Loan Losses	2,380	2,851	3,253	2,712	2,605	2,778	2,840	2,495	11,196	10,719
Net Interest Income Adjusted for Credit Risk	7,972	7,577	7,622	9,729	9,030	8,799	9,000	9,860	32,900	36,689
Fees for Commercial and Mortgage Loans	3	2	2	2	1	2	(0)	7	9	10
Fund Transfers	146	158	161	173	209	195	234	247	637	885
Account Management Fees	351	374	378	397	459	521	529	528	1,499	2,036
Fiduciary	82	101	83	96	111	87	88	102	362	388
Other Fees	635	594	660	958	753	792	750	737	2,847	3,031
Income from Real Estate Portfolios	40	57	51	39	23	21	35	91	187	169
Electronic Banking Services	1,034	1,085	1,126	1,242	1,193	1,240	1,287	1,398	4,486	5,118
For Consumer and Credit Card Loans	676	667	705	744	703	745	794	835	2,792	3,077
Fees Charged on Services	2,967	3,037	3,167	3,649	3,451	3,602	3,717	3,944	12,820	14,714
Fund transfers	13	13	8	11	16	13	5	18	45	52
Other Fees	972	990	1,075	1,185	1,187	1,092	1,189	1,328	4,222	4,795
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	986	1,003	1,083	1,196	1,203	1,105	1,194	1,346	4,268	4,847
Foreign Exchange	343	280	226	236	402	118	354	411	1,085	1,285
Securities-Realized Gains	481	677	823	340	477	298	173	506	2,322	1,454
Securities-Unrealized Gains	292	606	317	(202)	74	401	132	(355)	1,013	252
Trading Income	1,116	1,563	1,366	375	953	817	659	561	4,420	2,991
Loan Recoveries	241	225	226	264	299	317	299	391	956	1,306
Income from foreclosed assets	(100)	(68)	(16)	55	13	(6)	112	33	(130)	151
Other Operating Income	129	116	76	102	48	125	5	187	424	365
Other Operating Expense	(77)	(16)	(48)	(87)	(266)	(102)	(39)	(35)	(229)	(442)
Other Products	761	712	1,458	490	1,219	539	913	1,352	3,421	4,022
Other Recoveries	318	193	277	429	208	85	191	103	1,217	587
Other Operating Expense	(781)	(669)	(1,072)	(538)	(1,283)	(613)	(885)	(972)	(3,060)	(3,754)
Other Operating Income (Expense) from Insurance and Annuities	183	150	155	173	185	174	197	209	660	765
Total Other Operating Income (Expense)	673	643	1,057	887	423	519	793	1,267	3,260	3,001
Total Non Interest Income	3,770	4,241	4,506	3,715	3,624	3,833	3,976	4,426	16,233	15,859
Total Operating Income	11,742	11,818	12,128	13,444	12,654	12,632	12,976	14,286	49,133	52,548
Personnel	3,074	3,029	2,829	4,054	3,390	3,234	2,974	2,806	12,986	12,404
Employee Profit Sharing (PTU)	103	101	101	74	98	96	96	84	379	374
Professional Fees	645	693	762	900	515	610	551	757	3,000	2,433
Administrative and Promotional Expenses	1,249	1,397	1,434	1,599	1,722	1,735	1,771	1,987	5,679	7,215
Rents, Depreciation & Amortization	848	913	928	958	992	1,000	1,048	1,089	3,648	4,129
Taxes other than income tax & non deductible expenses	467	314	356	517	444	377	355	449	1,653	1,625
Contributions to IPAB/Fobaproa	459	466	474	487	510	523	533	550	1,887	2,116
Total Non Interest Expense	6,845	6,913	6,884	8,590	7,670	7,575	7,328	7,722	29,232	30,295
Operating Income	4,897	4,906	5,244	4,855	4,983	5,057	5,648	6,564	19,901	22,253
Subsidiaries' Net Income	293	349	248	329	279	345	277	301	1,220	1,201
Pre-Tax Income	5,190	5,255	5,492	5,184	5,262	5,402	5,925	6,866	21,121	23,454
Income Tax	2,108	1,908	2,408	1,617	1,208	1,537	1,587	1,389	8,040	5,720
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(608)	(448)	(1,011)	(305)	121	(193)	(7)	466	(2,372)	386
Taxes	1,500	1,460	1,397	1,312	1,328	1,343	1,580	1,855	5,668	6,106
Net Income from Continuous Operations	3,691	3,795	4,095	3,872	3,934	4,058	4,345	5,011	15,453	17,348
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(63)	(56)	(54)	(52)	(54)	(55)	(61)	(71)	(225)	(240)
Net Income	3,628	3,739	4,042	3,819	3,880	4,003	4,284	4,940	15,228	17,108

GFNorte - Balance Sheet <i>(Million Pesos)</i>	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
ASSETS								
Cash and Due from Banks	70,120	72,074	70,541	73,838	83,716	85,551	88,257	107,848
Margin Accounts	74	100	72	45	97	160	105	91
Negotiable Instruments	247,302	240,754	234,133	248,976	294,182	295,065	245,062	244,945
Securities Available for Sale	83,281	78,144	92,465	104,937	117,709	117,035	118,933	113,465
Securities Held to Maturity	92,839	88,571	86,860	77,736	80,371	78,694	80,849	83,115
Investment in Securities	423,422	407,470	413,459	431,649	492,263	490,794	444,844	441,525
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net	378	51	8	871	1	0	70	493
Securities Lending	-	-	-	-	-	-	-	-
For trading purposes	14,050	17,786	15,106	16,510	19,211	19,000	23,166	19,068
For hedging purposes	76	371	246	86	137	151	103	79
Operations w/Derivatives & Securities								
Transactions with Derivatives	14,126	18,157	15,351	16,597	19,347	19,152	23,269	19,147
Operations w/Derivatives & Securities	14,504	18,208	15,360	17,468	19,349	19,152	23,340	19,640
Valuation adjustments for Asset Coverage	154	150	147	143	139	136	132	128
Commercial Loans	182,202	182,992	182,257	191,189	190,682	192,050	195,316	208,066
Financial Intermediaries' Loans	3,419	3,825	3,624	3,316	3,156	3,301	2,914	3,331
Consumer Loans	60,153	62,542	67,065	68,383	69,597	72,118	75,414	76,721
Mortgage Loans	83,153	85,040	87,003	89,918	91,288	93,844	96,892	99,952
Government Entities' Loans	98,625	100,344	104,995	118,962	125,085	124,704	129,670	130,118
Loans granted as Federal Agent								
Performing Loans	427,553	434,743	444,944	471,768	479,808	486,017	500,208	518,188
Commercial PDL's	9,989	10,442	11,377	10,649	9,980	10,162	9,918	7,923
Financial Intermediaries PDL's	0	1	1	1	1	0	0	0
Consumer PDL's	2,058	2,416	2,371	2,370	2,318	2,685	2,703	2,908
Mortgage PDL's	1,101	1,153	1,202	1,274	1,175	1,149	1,096	1,072
Government Entities PDL's	1	1	-	-	-	-	-	-
Past Due Loans	13,151	14,012	14,951	14,293	13,474	13,996	13,717	11,903
Gross Loan Portfolio	440,704	448,754	459,896	486,061	493,282	500,012	513,925	530,091
Preventive Loan Loss Reserves	13,909	14,642	15,550	15,287	14,571	14,734	15,013	13,813
Net Loan Portfolio	426,794	434,113	444,345	470,774	478,711	485,278	498,912	516,279
Acquired Collection Rights	3,273	3,137	3,050	2,984	2,860	2,651	2,559	2,217
Total Credit Portfolio	430,067	437,249	447,395	473,759	481,571	487,929	501,470	518,496
Account Receivables from Insurance and Annuities	1,385	1,713	2,200	1,934	2,167	2,444	2,432	1,888
Premium Debtors (Net)	4,695	5,668	3,535	4,502	5,952	5,477	4,480	4,414
Account Receivables from Reinsurance	3,367	4,856	5,431	5,967	5,865	6,864	5,692	5,872
Benef. receivab. securization transactions	729	789	691	587	583	505	329	184
Sundry Debtors & Other Accs Rec, Net	37,448	28,175	31,268	26,646	31,845	34,191	36,475	31,544
Inventories	442	657	459	922	422	688	596	462
Foreclosed Assets, Net	2,611	2,670	2,546	2,731	2,678	2,526	2,402	2,259
Real Estate, Furniture & Equipment, Net	12,277	12,253	12,320	12,845	13,191	13,468	13,701	14,537
Investment in Subsidiaries	14,510	13,731	13,982	13,916	13,115	13,440	13,730	13,805
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	436	885	1,845	2,311	2,293	2,378	2,712	2,785
Goodwill and Intangibles	21,893	22,740	23,030	24,697	23,901	25,145	26,642	28,860
Other Assets Short and Long Term	4,399	4,391	4,361	4,022	4,037	3,959	3,845	4,135
Other Assets								
	104,192	98,529	101,668	101,081	106,050	111,085	113,036	110,747
TOTAL ASSETS	1,042,534	1,033,781	1,048,642	1,097,982	1,183,186	1,194,806	1,171,183	1,198,476

GRNorte - Balance Sheet <i>(Million Pesos)</i>	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
LIABILITIES								
Demand Deposits	252,652	263,672	276,545	298,852	306,474	311,439	322,376	348,816
Time Deposits-Retail	186,461	179,225	180,569	185,220	194,351	196,146	200,285	207,940
Time Deposits-Money Market	10,745	2,805	1,518	8,444	8,076	10,108	13,109	4,606
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	5,482	5,115	5,011	5,406	4,997	5,177	100	100
Deposits	455,340	450,817	463,644	497,922	513,899	522,870	535,870	561,462
Demand Loans	0	7,809	0	0	0	0	0	1
Short Term Loans	18,942	19,137	18,155	21,082	17,172	17,546	15,694	16,481
Long Term Loans	7,382	7,585	9,077	9,002	11,324	12,438	14,163	14,551
Due to Banks & Correspondents	26,324	34,531	27,232	30,084	28,496	29,984	29,856	31,033
Technical Reserves	65,182	67,970	70,256	73,693	76,450	78,753	78,485	80,945
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	317,580	292,593	296,061	306,602	360,901	362,801	314,327	315,155
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	0	-
Repos (Credit Balance)	32	0	7	154	19	41	3	1
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	32	0	7	154	19	41	3	1
For trading purposes	14,140	17,704	15,201	17,271	19,664	19,495	24,025	19,940
For hedging purposes	3,583	3,071	3,041	4,020	3,381	3,556	4,686	5,004
Operations w/ Derivatives & Securities								
Transactions with Derivatives	17,723	20,775	18,242	21,291	23,045	23,050	28,711	24,944
Total Operations w/ Derivatives & Securities	335,335	313,368	314,310	328,046	383,965	385,892	343,041	340,100
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	0	0	0	0	0	-	-	-
Payable Accountsfor Reinsurance	1,054	2,449	796	1,619	2,094	1,477	1,606	1,735
Income Tax Payable	1,917	2,816	4,547	5,380	1,681	1,572	2,088	1,922
Profit Sharing Payable	130	206	304	373	145	217	309	375
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	9,931	10,678	12,357	3,224	14,996	8,747	10,094	7,541
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	13,502	15,510	16,168	15,041	15,484	16,950	17,073	17,458
Other Payable Accounts	25,480	29,210	33,375	24,019	32,306	27,485	29,564	27,296
Subordinated Non Convertible Debt	18,083	15,788	16,021	16,468	16,712	16,790	17,299	17,385
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	2,511	2,412	2,389	1,459	1,413	1,400	1,307	1,169
TOTAL LIABILITIES	929,310	916,544	928,026	973,311	1,055,334	1,064,652	1,037,028	1,061,124
EQUITY								
Paid-in Capital	14,647	14,647	14,647	14,632	14,627	14,610	14,608	14,606
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Share Subscription Premiums	35,349	35,664	35,682	36,201	36,079	36,527	36,381	36,423
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	49,995	50,311	50,330	50,833	50,706	51,137	50,989	51,030
Capital Reserves	5,811	7,014	7,014	6,657	6,563	5,854	5,809	5,765
Retained Earnings	52,823	51,605	51,082	50,407	64,974	63,622	63,622	62,860
Surplus (Deficit) of Secs Available for Sale	732	808	554	634	773	75	(526)	(1,552)
Results from Valuation of Hedging Secs	(734)	(594)	(709)	(762)	(1,026)	(578)	(685)	(828)
Results from Conversions	(909)	(916)	(737)	(75)	181	339	930	1,070
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	3,628	7,367	11,409	15,228	3,880	7,883	12,168	17,108
Earned Capital	61,350	65,284	68,611	72,089	75,346	77,195	81,317	84,422
Minority Interest	1,878	1,642	1,675	1,750	1,799	1,823	1,848	1,900
Total Equity	113,224	117,237	120,616	124,672	127,851	130,154	134,155	137,351
TOTAL LIABILITIES & EQUITY	1,042,534	1,033,781	1,048,642	1,097,982	1,183,186	1,194,806	1,171,183	1,198,476

GFNorte - Memorandum Accounts <i>(Million Pesos)</i>	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
On behalf of Third Parties								
Customer's Banks	264	117	39	52	22	252	34	165
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	(193)	(123)	(28)	(21)	(2)	(18)	(16)	45
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
Customers' Current Account	71	(7)	12	32	20	234	18	210
Client Securities Received in Custody	546,591	592,850	625,248	588,561	592,356	594,403	589,191	587,733
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
Clients' Securities	546,591	592,850	625,248	588,561	592,356	594,403	589,191	587,733
Clients' Repurchase Operations	77,927	52,824	59,524	98,802	112,425	126,824	114,729	145,667
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	76,581	51,573	58,283	97,555	111,981	126,381	114,288	145,225
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	-	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-	-	-	-
Trusts under Management	64,280	72,413	75,847	76,857	77,144	73,549	79,143	87,009
Transactions On Behalf of Clients	218,788	176,810	193,655	273,214	301,550	326,754	308,160	377,901
Investment Bank Trans. on behalf of Third (Net)	85,548	99,955	94,013	90,769	91,311	98,221	95,736	79,643
TOTAL ON BEHALF OF THIRD PARTIES	850,998	869,609	912,928	952,576	985,237	1,019,612	993,105	1,045,488
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	28,616	31,840	29,682	43,023	46,200	72,508	165,086	160,529
Trusts	167,885	187,006	205,556	212,425	211,808	217,386	283,559	290,832
Mandates	10,090	8,957	9,031	9,002	596	9,524	557	8,316
Properties in Trusts and Warrant	177,975	195,963	214,587	221,427	212,405	226,910	284,116	299,147
Properties in Custody or Management	484,554	489,633	438,328	433,473	441,489	449,344	452,819	438,214
Collateral Received	147,461	154,390	110,293	97,855	83,491	87,699	88,377	147,797
Collateral Received or sold or delivered	171,305	153,445	115,920	142,005	142,879	161,124	145,469	235,143
Drafts in Transit	-	-	-	-	-	-	-	-
Assets' Deposit	2,404	2,083	1,633	3,346	2,688	2,440	2,029	3,023
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	-	0	0	1	1	5	13	19
Uncollected Accrued Interest from Past Due Loans	421	454	495	548	468	492	485	482
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	85,224	-	-
Proprietary Transactions	1,012,734	1,027,808	910,938	941,678	929,620	1,085,747	1,138,395	1,284,355
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-	-
TOTAL PROPRIETARY	1,012,734	1,027,808	910,938	941,678	929,620	1,085,747	1,138,395	1,284,355

GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW**JANUARY 1, 2015 – DECEMBER 31, 2015***(Million Pesos)*

Net Income	17,108
Items charged to results that do not generate or require use of resources	
Depreciation	1,372
Technical Reserves	7,131
Provisions	(3,570)
Income taxes and deferred	6,106
Minority Interest	(961)
	10,078
	27,186
Change in items related to operations	
Change in Margin Accounts	(46)
Change in Investment in Securities	(8,709)
Change in repo debtors	379
Change in derivatives (assets)	(2,543)
Change in Loan Portfolio (net)	(43,178)
Change in purchased receivables (net)	767
Change in accounts receivable insurance and bonding institutions (net)	46
Change in debtor premiums	88
Change in Reinsurance	95
Change in benefits to receive from securitizations	403
Change in foreclosed assets (net)	482
Change in other operating assets (net)	(10,258)
Change in core deposits	60,141
Change in interbank loans and other entities	931
Change in repo creditors	8,553
Change in collateral pledged sold	(152)
Change in derivatives (liability)	2,669
Change in Technical Reserves (net)	121
Change in Reinsurance (net) (liability)	116
Change in subordinated debt with characteristics of liabilities	865
Change in other operating liabilities	10,777
Change in hedging instruments (the related hedged transaction activities)	991
Income Tax Payments	(10,027)
Net cash generated or used from operations	39,697
Investment Activities	
Charges for disposal of property, furniture and equipment	1,003
Payments for acquisition of property, furniture and equipment	(3,961)
Subsidiaries and associated acquisitions payment	(71)
Charges for cash dividends	1,419
Net cash generated or used from investment activities	(1,610)
Financing Activities	
Payments of cash dividends	(2,787)
Payments associated with the repurchase of proprietary shares	(1,551)
Net cash flows from financing activities	(4,338)
Net Cash Increase (decrease) and equivalents value	33,749
Effects for changes in cash and equivalents value	261
Cash and cash equivalents at beginning of period	73,838
Cash and cash equivalents at end of period	107,848

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

JANUARY 1, 2014 – DECEMBER 31, 2015

(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, 2014	14,632	36,201	6,657	50,407	634	(762)	(75)	15,228	1,750	124,672
Changes stemming from stockholders' decisions										
Repurchases of payment plan based on stock	(26)	251	(892)		(38)					(705)
Capitalization of profits				15,228				(15,228)		0
Dividends declared by the Ordinary General Shareholders' Meeting held on:										
January 21, 2015				(675)						(675)
April 24, 2015				(1,351)						(1,351)
November 19, 2015				(761)						(761)
Total	(26)	251	(892)	12,441	(38)	0	0	(15,228)	0	(3,492)
Changes stemming from profits										
Net Income								17,108		17,108
Result from valuation of securities available for sale					(2,148)					(2,148)
Effect of subsidiaries, associates and mutual funds		(28)		12			1,144			1,128
Result from valuation of instruments of cash flow hedges						(66)				(66)
Total	0	(28)	0	12	(2,148)	(66)	1,144	17,108	0	16,022
Recognition of minority interest									150	150
Balance as of December 31, 2015	14,606	36,424	5,765	62,860	(1,552)	(828)	1,069	17,108	1,900	137,352

Consolidated Bank

Income Statement - Consolidated Bank (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	2014	2015
Interest Income	14,005	14,276	13,867	14,208	14,283	14,429	14,914	15,031	56,356	58,657
Interest Expense	5,225	5,229	4,641	4,543	4,688	4,807	4,893	4,711	19,638	19,098
Charged Fees	338	325	441	1,133	283	295	324	347	2,237	1,250
Fees Paid	85	95	99	86	88	94	95	99	365	376
Net Interest Income (NII)	9,033	9,277	9,567	10,712	9,790	9,823	10,251	10,568	38,589	40,432
Preventive Provisions for Loan Losses	2,369	2,826	3,208	2,704	2,539	2,690	2,731	2,442	11,107	10,401
Net Interest Income Adjusted for Credit Risk	6,664	6,451	6,359	8,008	7,250	7,133	7,520	8,127	27,482	30,031
Fees for Commercial and Mortgage Loans	3	2	2	2	1	2	(0)	7	9	10
Fund Transfers	146	158	161	173	209	195	234	247	637	885
Account Management Fees	351	374	378	397	459	521	529	528	1,499	2,036
Fiduciary	81	100	83	95	111	87	88	101	360	386
Other Fees	430	398	423	639	495	503	498	517	1,890	2,014
Income from Real Estate Portfolios	6	5	18	21	6	4	19	68	49	98
Electronic Banking Services	1,034	1,085	1,126	1,242	1,193	1,240	1,287	1,398	4,486	5,118
For Consumer and Credit Card Loans	676	667	705	744	703	745	794	835	2,792	3,077
Fees Charged on Services	2,726	2,789	2,896	3,312	3,177	3,297	3,448	3,701	11,723	13,624
Fund transfers	13	13	8	11	16	13	5	18	45	52
Other Fees	710	744	764	827	780	830	879	985	3,046	3,474
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
Fees Paid on Services	724	758	772	837	796	844	884	1,003	3,091	3,527
Foreign Exchange	342	283	229	257	411	125	374	417	1,111	1,326
Securities-Realized Gains	436	536	664	219	392	233	88	327	1,854	1,040
Securities-Unrealized Gains	270	536	191	(103)	46	371	126	(266)	894	277
Trading Income	1,048	1,355	1,083	372	850	728	588	477	3,859	2,643
Loan Recoveries	241	225	226	264	299	317	299	376	956	1,290
Income from foreclosed assets	(107)	(81)	(26)	65	7	(16)	105	39	(149)	135
Other Operating Income	89	116	76	102	48	125	5	187	383	365
Other Operating Expense	(65)	(3)	(36)	(33)	(32)	(7)	(0)	(0)	(138)	(39)
Other Products	199	363	667	(65)	201	153	354	365	1,164	1,073
Other Recoveries	270	76	204	375	139	63	136	48	925	385
Other Expense	(221)	(225)	(218)	0	(242)	(242)	(386)	(423)	(663)	(1,294)
Other Operating Income (Expense) from Insurance and Annuities	-	-	-	-	-	-	-	-	-	-
Total Other Operating Income (Expenses)	406	470	894	708	419	393	512	591	2,478	1,915
Total Non-Interest Income	3,457	3,857	4,102	3,554	3,650	3,575	3,664	3,767	14,969	14,655
Total Operating Income	10,121	10,308	10,461	11,562	10,900	10,708	11,184	11,893	42,451	44,686
Personnel	2,950	2,884	2,695	3,912	3,249	3,092	2,840	2,661	12,441	11,843
Employee Profit Sharing (PTU)	99	101	99	70	96	94	94	84	369	368
Professional Fees	548	605	669	770	434	492	467	597	2,591	1,990
Administrative and Promotional Expenses	1,108	1,222	1,277	1,388	1,504	1,535	1,611	1,818	4,995	6,467
Rents, Depreciation & Amortization	789	853	859	889	927	937	984	1,017	3,391	3,864
Taxes other than income tax & non-deductible expenses	420	270	303	371	368	326	302	392	1,364	1,387
Contributions to IPAB/Fobaproa	459	466	474	487	510	523	533	550	1,887	2,116
Total Non-Interest Expense	6,374	6,401	6,376	7,887	7,087	6,999	6,831	7,118	27,037	28,035
Operating Income	3,747	3,907	4,086	3,675	3,814	3,709	4,353	4,775	15,414	16,650
Subsidiaries' Net Income	293	349	258	342	302	359	299	320	1,242	1,280
Pre-Tax Income	4,040	4,255	4,344	4,017	4,116	4,068	4,652	5,095	16,655	17,930
Income Tax	1,782	1,625	2,098	1,370	789	1,133	1,208	1,046	6,874	4,177
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(573)	(445)	(800)	(337)	245	(195)	(38)	224	(2,154)	235
Taxes	1,209	1,180	1,298	1,033	1,034	938	1,170	1,270	4,720	4,412
Net Income from Continuous Operations	2,831	3,075	3,046	2,984	3,082	3,130	3,482	3,824	11,936	13,518
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)
Net Income	2,831	3,075	3,046	2,984	3,082	3,130	3,482	3,824	11,936	13,518

Consolidated Bank - Balance Sheet (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
ASSETS								
Cash and Due from Banks	70,174	71,828	70,371	73,622	83,447	85,248	87,645	107,457
Margin Accounts	74	100	72	45	97	160	105	91
Negotiable Instruments	184,013	194,110	193,774	172,478	208,758	196,688	153,669	130,211
Securities Available for Sale	70,293	67,782	69,116	77,511	83,850	82,238	87,712	73,026
Securities Held to Maturity	30,711	24,676	21,069	10,486	10,283	7,837	7,795	7,761
Investment in Securities	285,017	286,567	283,959	260,475	302,891	286,763	249,176	210,998
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net	0	51	8	1	1	0	3	493
Securities Lending	-	-	-	-	-	-	-	-
For trading purposes	14,050	17,786	15,106	16,510	19,211	19,000	23,166	18,771
For hedging purposes	76	371	246	86	137	151	103	79
Operations w/Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	14,126	18,157	15,351	16,597	19,347	19,152	23,269	18,850
Operations w/Derivatives & Securities	14,127	18,208	15,360	16,598	19,349	19,152	23,273	19,343
Valuation adjustments for Asset Coverage	154	150	147	143	139	136	132	128
Commercial Loans	165,956	165,932	165,798	173,857	173,430	172,994	177,538	189,522
Financial Intermediaries' Loans	15,174	15,575	17,700	17,703	16,424	17,493	15,543	17,317
Consumer Loans	60,106	62,499	62,960	64,652	66,230	69,090	72,661	74,236
Mortgage Loans	83,130	85,017	86,980	89,918	91,288	93,844	96,892	99,952
Government Entities' Loans	96,925	98,238	103,144	117,655	123,336	123,029	128,481	128,567
Loans granted as Federal Agent	-	-	-	-	-	-	-	-
Performing Loans	421,290	427,260	436,582	463,784	470,707	476,450	491,116	509,593
Commercial PDL's	9,587	10,036	11,017	10,272	9,583	9,768	9,604	7,723
Financial Intermediaries PDL's	0	1	1	1	1	0	0	0
Consumer PDL's	2,063	2,420	2,375	2,353	2,223	2,618	2,637	2,839
Mortgage PDL's	1,151	1,202	1,250	1,286	1,175	1,149	1,096	1,072
Government Entities PDL's	-	-	-	-	-	-	-	-
Past Due Loans	12,801	13,659	14,643	13,912	12,981	13,536	13,337	11,634
Gross Loan Portfolio	434,092	440,919	451,226	477,696	483,688	489,986	504,453	521,227
Preventive Loan Loss Reserves	13,506	14,215	14,989	14,718	13,952	14,117	14,442	13,334
Net Loan Portfolio	420,586	426,703	436,237	462,979	469,736	475,869	490,011	507,893
Acquired Collection Rights	1,702	1,610	1,545	1,518	1,480	1,416	1,399	1,376
Total Credit Portfolio	422,288	428,313	437,782	464,497	471,216	477,285	491,410	509,269
Benef.receiveab.securization transactions	729	789	691	587	583	505	329	184
Sundry Debtors & Other Accs Rec, Net	29,371	17,464	18,742	15,662	19,427	23,017	25,536	21,164
Inventories	-	-	-	-	-	-	-	-
Foreclosed Assets, Net	2,102	2,162	2,036	2,260	2,197	2,051	1,937	1,800
Real Estate, Furniture & Equipment, Net	9,516	9,559	9,720	10,119	10,443	10,618	10,778	11,364
Investment in Subsidiaries	14,062	13,278	13,537	13,592	12,808	13,151	13,461	13,485
Long-term assets held for sale	-	-	-	-	-	-	-	-
Deferred Taxes, Net	868	1,336	2,085	2,569	2,453	2,566	2,927	3,095
Goodwill and Intangibles	8,472	9,234	9,443	10,998	10,888	11,914	13,336	15,394
Other Assets Short and Long Term	4,013	4,007	3,978	3,742	3,752	3,672	3,553	3,837
	69,133	57,828	60,233	59,528	62,551	67,495	71,858	70,324
TOTAL ASSETS	860,967	862,996	867,924	874,908	939,691	936,237	923,598	917,610

Consolidated Bank - Balance Sheet (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
LIABILITIES								
Demand Deposits	253,832	265,051	277,663	300,282	307,955	312,875	323,971	351,045
Time Deposits-Retail	187,015	179,756	181,021	185,461	194,609	196,425	200,350	208,020
Time Deposits-Money Market	10,745	2,805	1,518	8,444	8,076	10,108	13,109	4,606
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	3,951	3,968	4,065	4,510	4,619	4,798	-	-
Deposits	455,543	451,580	464,268	498,697	515,259	524,205	537,430	563,670
Demand Loans	0	7,809	0	0	0	0	0	1
Short Term Loans	8,729	7,732	7,437	10,700	7,223	7,225	6,680	7,558
Long Term Loans	3,049	3,125	4,730	4,073	5,214	6,378	6,991	7,385
Due to Banks & Correspondents	11,778	18,666	12,168	14,774	12,437	13,603	13,671	14,943
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	242,133	241,965	237,896	208,362	248,747	237,297	202,500	171,133
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	32	0	6	154	16	11	2	1
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
Total Collateral sold	32	0	6	154	16	11	2	1
For trading purposes	14,140	17,704	15,201	17,271	19,664	19,495	24,025	19,940
For hedging purposes	3,583	3,071	3,041	4,020	3,381	3,556	4,686	5,004
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
Transactions with Derivatives	17,723	20,775	18,242	21,291	23,045	23,050	28,711	24,944
Total Operations w/ Derivatives & Securities	259,888	262,740	256,145	229,806	271,808	260,358	231,213	196,078
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	0	0	0	0	0	-	-	-
Income Tax Payable	1,518	2,315	3,808	4,459	1,287	859	1,116	703
Profit Sharing Payable	120	205	303	373	145	217	309	375
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	17,205	10,073	10,234	3,072	12,130	8,099	8,292	7,465
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	10,259	11,799	12,199	11,084	10,995	11,805	12,576	13,351
Other Payable Accounts	29,102	24,392	26,544	18,988	24,557	20,980	22,294	21,893
Subordinated Non Convertible Debt	18,083	15,788	16,021	16,468	16,712	16,790	17,299	17,385
Deferred Taxes, Net	-	-	-	-	-	-	-	-
Deferred Credits	2,373	2,274	2,252	1,384	1,316	1,289	1,199	1,058
TOTAL LIABILITIES	776,768	775,441	777,397	780,117	842,090	837,224	823,106	815,027
EQUITY								
Paid-in Capital	17,527	20,022	20,074	20,074	20,074	20,074	20,074	20,074
Provision for future capital increase not formalized by its governing entity	2,499	52	-	-	-	-	-	-
Share Subscription Premiums	10,389	10,389	10,389	11,099	11,274	11,449	11,623	11,682
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
Subscribed Capital	30,415	30,463	30,463	31,173	31,348	31,523	31,698	31,756
Capital Reserves	7,761	8,968	8,968	8,968	8,968	10,157	10,157	10,157
Retained Earnings	44,411	43,183	43,203	43,201	54,445	51,454	49,416	48,398
Surplus (Deficit) of Secs Available for Sale	576	691	540	510	771	69	(546)	(1,310)
Results from Valuation of Hedging Secs	(840)	(697)	(815)	(869)	(1,137)	(681)	(790)	(936)
Results from Conversions	(964)	(969)	(794)	(138)	115	269	853	990
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	2,831	5,906	8,952	11,936	3,082	6,212	9,694	13,518
Earned Capital	53,775	57,082	60,054	63,608	66,243	67,480	68,784	70,818
Minority Interest	10	10	10	10	10	10	10	10
Total Equity	84,200	87,555	90,527	94,791	97,601	99,013	100,492	102,584
TOTAL LIABILITIES & EQUITY	860,967	862,996	867,924	874,908	939,691	936,237	923,598	917,610

Consolidated Bank - Memorandum Accounts (Million Pesos)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Investment Banking transactions for third parties, net	85,548	99,955	94,013	90,769	91,311	98,221	95,736	79,643
TOTAL ON BEHALF OF THIRD PARTIES	85,548	99,955	94,013	90,769	91,311	98,221	95,736	79,643
Proprietary Transactions								
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	28,616	31,840	29,682	43,023	46,200	72,508	165,086	160,529
Trusts	167,885	187,006	205,556	212,425	211,808	217,386	283,559	290,832
Mandates	10,090	8,957	9,031	9,002	596	9,524	557	8,316
Properties in Trusts and Warrant	177,975	195,963	214,587	221,427	212,405	226,910	284,116	299,147
Properties in Custody or Management	358,926	344,237	280,141	284,381	290,237	295,499	301,893	296,801
Collateral Received	86,962	75,353	75,123	68,010	72,222	78,345	76,255	141,993
Collateral Received or sold	35,054	23,364	22,996	15,475	19,629	25,389	21,881	85,898
Drafts in Transit	-	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent assets & liabilities	-	0	0	1	1	5	13	19
Uncollected Accrued Interest from Past Due Loans	378	411	452	505	425	450	442	439
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	85,224	-	-
Proprietary Transactions	687,910	671,167	622,981	632,822	641,118	784,330	849,686	984,827
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
Net Repo Transactions	-	-	-	-	-	-	-	-
TOTAL PROPRIETARY	687,910	671,167	622,981	632,822	641,118	784,330	849,686	984,827

Information by Segments

GFNorte - Income Statement as of December'15

(Million Pesos)

	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Interest Income	48	59,906	2,256	67	525	3,948	4,644
Premium Income (Net)	-	-	-	-	12,372	7,241	-
Interest Expense	-	19,474	1,290	-	-	-	4,210
Net Increase in Technical Reserves	-	-	-	-	235	6,896	-
Damages, Claims and Other Obligations	-	-	-	-	7,649	3,384	-
Net Interest Income (NII)	48	40,432	966	67	5,014	909	435
Preventive Provisions for Loan Losses	-	10,401	57	-	-	-	-
Net Interest Income Adjusted for Credit Risk	48	30,031	909	67	5,014	909	435
Loan Origination Fees	-	13,624	33	-	-	-	1,102
Fees Paid	-	3,527	82	0	1,678	-	122
Trading Income	-	2,643	(0)	5	42	(13)	360
Other Operating Income (Expenses)	(2)	1,915	114	8	755	(27)	(34)
Non Interest Income	(2)	14,655	66	13	(881)	(40)	1,306
Total Operating Income	46	44,686	974	80	4,133	869	1,741
Administrative and Promotional Expenses	108	28,035	149	35	966	282	957
Operating Income	(62)	16,650	826	45	3,167	587	784
Subsidiaries' Net Income	17,177	1,280	-	0	(0)	5	0
Pre-Tax Income	17,115	17,930	826	45	3,167	592	784
Income Tax	-	4,177	217	16	932	-	244
Deferred Income Tax	21	235	37	(1)	20	190	(23)
Net Income from Continuous Operations	17,093	13,518	572	31	2,215	402	564
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	(0)	(1)	-	(5)	-	-
Net Income	17,093	13,518	571	31	2,210	402	564

GFNorte - Income Statement as of December'15

(Million Pesos)

	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de Portafolios	Total	Charges	Credits	Final Balance
Interest Income	8	2	569	71,974	1,735	-	70,239
Premium Income (Net)	-	-	-	19,614	540	-	19,074
Interest Expense	-	-	485	25,460	-	1,712	23,747
Net Increase in Technical Reserves	-	-	-	7,131	-	-	7,131
Damages, Claims and Other Obligations	-	-	-	11,033	-	5	11,027
Net Interest Income (NII)	8	2	84	47,965	-	-	47,408
Preventive Provisions for Loan Losses	-	-	260	10,719	-	-	10,719
Net Interest Income Adjusted for Credit Risk	8	2	(176)	37,246	-	-	36,689
Loan Origination Fees	1,158	-	157	16,074	1,360	-	14,714
Fees Paid	810	-	4	6,222	-	1,375	4,847
Trading Income	-	-	(67)	2,970	-	21	2,991
Other Operating Income (Expenses)	7	2	290	3,029	38	11	3,001
Non Interest Income	356	2	376	15,851	1,398	(1,344)	15,859
Total Operating Income	364	3	200	53,096	1,398	(1,344)	52,548
Administrative and Promotional Expenses	45	2	246	30,826	832	1,363	30,295
Operating Income	318	1	(46)	22,270	-	-	22,253
Subsidiaries' Net Income	0	-	(79)	18,384	17,182	-	1,201
Pre-Tax Income	318	1	(125)	40,654	-	-	23,454
Income Tax	92	0	42	5,720	-	-	5,720
Deferred Income Tax	0	1	(62)	418	6	38	386
Net Income from Continuous Operations	226	0	(106)	34,516	-	-	17,348
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	-	-	(6)	234	-	(240)
Net Income	226	0	(106)	34,510	21,922	4,482	17,108

GFNorte - Balance Sheet as of December 31 '15

(Million Pesos)

ASSETS	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Cash and Due from Banks	13	107,457	11	24	233	3	1,590
Margin Accounts	-	91	-	-	-	-	-
Investment in Securities	-	210,998	1	-	13,525	67,805	146,778
Negotiable Instruments	-	130,211	-	-	6,699	-	107,779
Securities Available for Sale	-	73,026	1	-	289	-	37,945
Securities Held to Maturity	-	7,761	-	-	6,537	67,805	1,054
Debtor Balance in Repo Trans, net	1,800	493	-	-	(0)	(0)	0
Transactions with Derivatives For trading purposes	-	18,771	2	-	-	-	-
Transactions with Derivatives For hedging purposes	-	79	-	-	-	-	-
Valuation adjustments for Asset Coverage	-	128	-	-	-	-	-
Gross Loan Portfolio	-	509,269	20,319	-	-	-	-
Net Loan Portfolio	-	507,893	20,319	-	-	-	-
Performing Loans	-	509,593	20,453	-	-	-	-
Commercial Loans	-	189,522	18,544	-	-	-	-
Financial Intermediaries' Loans	-	17,317	353	-	-	-	-
Government Entities' Loans	-	128,567	1,552	-	-	-	-
Consumer Loans	-	74,236	4	-	-	-	-
Mortgage Loans	-	99,952	-	-	-	-	-
Past Due Loans	-	11,634	175	-	-	-	-
Commercial PDL's	-	7,723	175	-	-	-	-
Financial Intermediaries PDL's	-	0	-	-	-	-	-
Consumer PDL's	-	2,839	0	-	-	-	-
Mortgage PDL's	-	1,072	-	-	-	-	-
Preventive Loan Loss Reserves	-	13,334	310	-	-	-	-
Acquired Collection Rights	-	1,376	-	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	-	-	804	1,084	-
Premium Debtors (Net)	-	-	-	-	4,363	50	-
Account Receivables from Reinsurance	-	-	-	-	5,872	-	-
Benef.receivab.securization transactions	-	184	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	59	21,164	220	44	-	-	528
Inventories	-	-	-	462	-	-	-
Foreclosed Assets, Net	-	1,800	8	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	11,364	2,591	74	276	9	58
Investment in Subsidiaries	120,714	13,485	-	0	1	35	11
Deferred Taxes, Net	110	3,095	-	3	79	-	85
Total other Assets	10,750	19,231	185	11	985	3	265
Goodwill	9,699	5,086	-	-	-	-	-
Intangible	1,050	10,308	185	1	914	0	41
Other Assets	-	3,837	-	11	72	3	224
TOTAL ASSETS	133,445	917,610	23,336	619	26,139	68,988	149,314

GFNorte - Balance Sheet as of December 31 '15

(Million Pesos)

ASSETS	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de Portafolios	Total	Charges	Credits	Final Balance
Cash and Due from Banks	360	32	111	109,834	315	2,301	107,848
Margin Accounts	-	-	-	91	-	-	91
Investment in Securities	-	-	2,571	441,677	195	347	441,525
Negotiable Instruments	-	-	256	244,945	-	-	244,945
Securities Available for Sale	-	-	2,316	113,575	-	110	113,465
Securities Held to Maturity	-	-	-	83,157	195	237	83,115
Debtor Balance in Repo Trans, net	-	-	-	2,292	-	1,800	493
Transactions with Derivatives For trading purposes	-	-	295	19,068	-	-	19,068
Transactions with Derivatives For hedging purposes	-	-	-	79	-	-	79
Valuation adjustments for Asset Coverage	-	-	-	128	-	-	128
Gross Loan Portfolio	-	-	3,248	532,836	-	14,339	518,496
Net Loan Portfolio	-	-	2,407	530,618	-	14,339	516,279
Performing Loans	-	-	2,481	532,527	-	14,339	518,188
Commercial Loans	-	-	-	208,066	-	-	208,066
Financial Intermediaries' Loans	-	-	-	17,670	-	14,339	3,331
Government Entities' Loans	-	-	-	130,118	-	-	130,118
Consumer Loans	-	-	2,481	76,721	-	-	76,721
Mortgage Loans	-	-	-	99,952	-	-	99,952
Past Due Loans	-	-	94	11,903	-	-	11,903
Commercial PDL's	-	-	25	7,923	-	-	7,923
Financial Intermediaries PDL's	-	-	-	0	-	-	0
Consumer PDL's	-	-	69	2,908	-	-	2,908
Mortgage PDL's	-	-	-	1,072	-	-	1,072
Preventive Loan Loss Reserves	-	-	168	13,813	-	-	13,813
Acquired Collection Rights	-	-	841	2,217	-	-	2,217
Account Receivables from Insurance and Annuities	-	-	-	1,888	-	-	1,888
Premium Debtors (Net)	-	-	-	4,414	-	-	4,414
Account Receivables from Reinsurance	-	-	-	5,872	-	-	5,872
Benef.receivab.securization transactions	-	-	-	184	-	-	184
Sundry Debtors & Other Accs Rec, Net	121	5	9,640	31,780	64	300	31,544
Inventories	-	-	-	462	-	-	462
Foreclosed Assets, Net	-	-	451	2,259	201	201	2,259
Real Estate, Furniture & Equipment, Net	0	103	3	14,478	212	153	14,537
Investment in Subsidiaries	92	-	314	134,652	767	121,614	13,805
Deferred Taxes, Net	-	-	237	3,609	374	1,197	2,785
Total other Assets	1	6	127	31,564	2,453	1,021	32,995
Goodwill	-	-	-	14,786	2,453	876	16,362
Intangible	1	6	127	12,632	-	134	12,498
Other Assets	-	-	-	4,146	-	11	4,135
TOTAL ASSETS	575	146	16,995	1,337,168	4,581	143,273	1,198,476

GFNorte - Balance Sheet as of December 31 '15

(Million Pesos)

LIABILITIES & EQUITY	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Deposits	-	563,670	100	-	-	-	-
Demand Deposits	-	351,045	-	-	-	-	-
Time Deposits	-	212,625	-	-	-	-	-
Time Deposits-Retail	-	208,020	-	-	-	-	-
Time Deposits-Money Market	-	4,606	-	-	-	-	-
Senior Unsecured Debt	-	-	100	-	-	-	-
Due to Banks & Correspondents	-	14,943	18,062	356	-	-	-
Immediate Redemption Loans	-	1	-	-	-	-	-
Short Term Loans	-	7,558	10,896	356	-	-	-
Long Term Loans	-	7,385	7,167	-	-	-	-
Technical Reserves	-	-	-	-	14,051	66,713	-
Creditor Balance in Repo Trans, Net	-	171,133	-	-	-	-	145,822
Collateral sold or pledged as collateral	-	1	-	-	-	-	0
Transactions with Derivatives for trading purposes	-	19,940	-	-	-	-	-
Transactions with Derivatives for hedging purposes	-	5,004	-	-	-	-	-
Payable Accounts for Reinsurance	-	-	-	-	1,735	-	-
Other Payable Accounts	3	21,893	766	17	3,890	104	599
Income Tax Payable	-	703	86	3	935	-	105
Profit Sharing Payable	-	375	-	-	-	-	-
Creditors for settlement of transactions	-	7,465	-	-	-	-	184
Other Creditors & Accounts Payable	3	13,351	680	14	2,955	104	309
Subordinated Non Convertible Debt	-	17,385	-	-	-	-	-
Deferred Taxes, Net	-	-	9	-	-	543	-
Deferred Credits	-	1,058	102	-	132	-	0
TOTAL LIABILITIES	3	815,027	19,039	373	19,808	67,359	146,421
EQUITY							
Subscribed Capital	50,878	31,756	526	87	709	325	1,429
Paid-in Capital	14,610	20,074	526	87	709	325	1,354
Share Subscription Premiums	36,268	11,682	-	-	-	-	75
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-	-
Earned Capital	82,564	70,818	3,765	158	5,587	1,304	1,464
Capital Reserves	5,765	10,157	499	44	540	176	124
Retained Earnings	61,008	48,398	2,705	84	2,742	727	659
Surplus (Deficit) of Secs Available for Sale	(1,544)	(1,310)	(9)	-	96	(2)	30
Results from Valuation of Hedging Secs	(828)	(936)	-	-	-	-	-
Results from Conversions	1,070	990	-	-	-	-	87
Net Income	17,093	13,518	571	31	2,210	402	564
Capital Mayoritario	133,442	102,574	4,291	246	6,297	1,629	2,893
Minority Interest	-	10	6	0	35	-	-
Total Equity	133,442	102,584	4,297	246	6,331	1,629	2,893
TOTAL LIABILITIES & EQUITY	133,445	917,610	23,336	619	26,139	68,988	149,314

GFNorte - Balance Sheet as of December 31 '15

(Million Pesos)

LIABILITIES & EQUITY	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de Portafolios	Total	Charges	Credits	Final Balance
Deposits	-	-	-	563,770	2,308	-	561,462
Demand Deposits	-	-	-	351,045	2,229	-	348,816
Time Deposits	-	-	-	212,625	79	-	212,546
Time Deposits-Retail	-	-	-	208,020	79	-	207,940
Time Deposits-Money Market	-	-	-	4,606	-	-	4,606
Senior Unsecured Debt	-	-	-	100	-	-	100
Due to Banks & Correspondents	-	-	12,011	45,372	14,339	-	31,033
Immediate Redemption Loans	-	-	-	1	-	-	1
Short Term Loans	-	-	12,011	30,820	14,339	-	16,481
Long Term Loans	-	-	-	14,551	-	-	14,551
Technical Reserves	-	-	-	80,764	-	182	80,945
Creditor Balance in Repo Trans, Net	-	-	-	316,954	1,800	-	315,155
Collateral sold or pledged as collateral	-	-	-	1	-	-	1
Transactions with Derivatives for trading purposes	-	-	-	19,940	-	-	19,940
Transactions with Derivatives for hedging purposes	-	-	-	5,004	-	-	5,004
Payable Accounts for Reinsurance	-	-	-	1,735	-	-	1,735
Other Payable Accounts	159	0	101	27,530	368	133	27,296
Income Tax Payable	48	0	42	1,922	-	-	1,922
Profit Sharing Payable	-	-	-	375	-	-	375
Creditors for settlement of transactions	-	-	-	7,649	108	-	7,541
Other Creditors & Accounts Payable	110	0	58	17,585	260	133	17,458
Subordinated Non Convertible Debt	-	-	-	17,385	-	-	17,385
Deferred Taxes, Net	0	-	-	552	552	-	-
Deferred Credits	-	-	11	1,303	134	-	1,169
TOTAL LIABILITIES	159	0	12,122	1,080,310	19,501	315	1,061,124
EQUITY							
Subscribed Capital	112	144	4,198	90,164	39,457	322	51,030
Paid-in Capital	112	144	2,926	40,869	26,263	-	14,606
Share Subscription Premiums	-	-	-	48,024	11,922	322	36,423
Contributions for future capital increases agreed by the governing body	-	-	1,272	1,272	1,272	-	-
Earned Capital	304	1	676	166,643	85,426	3,205	84,422
Capital Reserves	19	2	117	17,443	11,678	-	5,765
Retained Earnings	58	(1)	906	117,286	57,572	3,146	62,860
Surplus (Deficit) of Secs Available for Sale	-	-	(241)	(2,979)	(1,427)	-	(1,552)
Results from Valuation of Hedging Secs	-	-	-	(1,764)	(936)	-	(828)
Results from Conversions	-	-	-	2,147	1,077	-	1,070
Net Income	226	0	(106)	34,510	17,461	59	17,108
Capital Mayoritario	416	146	4,874	256,807	124,882	3,526	135,451
Minority Interest	0	-	-	51	34	1,884	1,900
Total Equity	416	146	4,874	256,858	124,917	5,410	137,351
TOTAL LIABILITIES & EQUITY	575	146	16,995	1,337,168	144,417	5,725	1,198,476

V. Appendix

Accounting Changes & Regulation

Numbers in this section are stated in million pesos.

General Dispositions applicable to Credit Institutions in Capitalization Matters.

In October 2015, regulatory changes published on December 31st, 2014 in the Official Gazette became effective. Those modified general dispositions applicable to credit institutions in capitalization matters. Among the amendments, stand out:

- a. Change in the weightings to calculate Credit and Market risks requirements.
- b. Change in the treatment of Lines of Credit.
- c. Incorporation of options' requirements for Gamma and Vega risks.
- d. Incorporation of Credit Valuation Adjustment in the calculation of the counterparty risk requirement.
- e. Entry of the Standard Model and Alternative Standard for Operational Risk.

Modification to the Severity of Loss Exposure for debtors in bankruptcy.

On October 30, 2014 the CNBV published an amendment to Regulations for the rating methodology of commercial loan portfolios, to make it congruent with Bankruptcy Law reforms published in January 2014 for loans granted to debtors applying for bankruptcy who had previously submitted a restructuring plan.

The resolution amends Article 114 of the Regulations and applies to the part not covered by real guarantees for loans granted to individuals or corporations who have filed for bankruptcy, with a previous restructuring plan. The amendment establishes that for such cases, Institutions may calculate an Updated Loss Estimate that reflects the best estimate of loss as a percentage of the past due portfolio, considering possible payments or mitigated losses that could be received as payment for the portion of the loan that is not covered.

The Severity of Loss to be used in these cases would be the maximum between the Updated Loss Estimate and the 45% established in the regulation as Severity of Loss for un-subordinated, uncovered positions with less than 18 months of arrears. This calculation can be maintained until an agreement between lender(s) and borrower is reached or until the borrower has been declared in bankruptcy in which case this modification would not apply and the uncovered portion of the loan will be set aside in accordance to the existing regulation which requires up to 100% of Loss Severity for loans 18 months or more in default.

Liquidity Coverage Ratio (LCR).

On December 31, 2014 the CNBV and the Bank of Mexico issued general regulations on liquidity requirements for banking institutions. The resolution establishes a Liquidity Coverage Ratio (LCR), with a calculation methodology following the international standard, which became effective on January 1, 2015.

Banorte has complied with the liquidity regulation by calculating the LCR on a monthly basis, as well as with the quarterly disclosure rules in Annex 5 of said publication.

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

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

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

Past Due Loan Portfolio - Comprised of those loans:

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

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

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

Transfer to Past Due Loan

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

The debtor has declared bankruptcy, following Bankruptcy Law.

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

Early termination of the mortgage debtor support programs

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

In the Agreement a series of Federal Government's obligations were established, payable in 5 annual amortizations whose maturity date was June 1, 2015. On such date the last payment for an amount of Ps 29 was received. This includes 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.

As of December 31st, 2015, the remaining balance of the SPECIAL CETES that haven't been repurchased by the Federal Government is of Ps. 912, and its maturities are between 2017 and 2027.

During 2015 Ps 3 million were recognized in results in relation to the termination of this program.

Loan Portfolio Sales to Sólida

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 Solida Administradora de Portafolios, S.A. de C.V. The Purpose of this sale was to concentrate the portfolio in this unit as it had been managing the collections of these loans previously. This was a one-time operation and not a permanent transfer procedure of the Solida's portfolio.

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, Solida 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.

(Million of Nominal Pesos)	Local Currency			Foreign Currency (USD)			Total		
	aug-02	sep-15	dic-15	aug-02	sep-15	dic-15	aug-02	sep-15	dic-15
Performing Loans									
Commercial	5	0	0	5	0	0	10	0	0
Consumer	0	0	0	0	0	0	0	0	0
Mortgage	54	21	22	0	0	0	54	21	22
Total	59	21	22	5	0	0	64	21	22
Non Performing Loans									
Commercial	405	251	236	293	13	11	698	264	248
Consumer	81	71	71	0	0	0	81	71	71
Mortgage	1,112	219	214	0	0	0	1,112	219	214
Total	1,598	542	522	293	13	11	1,891	555	533
TOTAL LOANS	1,657	563	544	298	13	11	1,955	576	555
Loan Loss Reserves (1)									
Commercial	326	251	236	246	13	11	572	264	248
Consumer	77	71	71	0	0	0	77	71	71
Mortgage	669	230	226	0	0	0	669	230	226
Total	1,072	553	533	246	13	11	1,318	565	544

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

(*) There was a reserve difference of Ps 15 million as of December 2015.

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

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

In 4Q15 the Loan portfolio showed changes due to: collections of Ps 2.3 million and charge offs and discounts of Ps 111.8 million, during the quarter there were no foreclosed assets and restructurings. In the Loan loss provisions, there were charge offs and discounts of Ps 9.7 million. There were transfers from performing loans to past due loans of Ps. 0.05 million and from past due loans to performing loans of Ps 0.5 million.

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 Solida Administradora de Portafolios, S.A. de C.V.

	Moneda Nacional (1)		Moneda Extranjera (USD) (2)		Total	
<i>(Millones de Pesos Nominales)</i>	sep-15	dic-15	sep-15	dic-15	sep-15	dic-15
Créditos Comerciales	293,699	303,835	31,882	35,435	325,580	339,271
Créditos al Consumo	48,181	49,269	0	0	48,181	49,269
Créditos a la Vivienda	95,418	98,493	0	0	95,419	98,493
Cartera Vigente	437,298	451,598	31,882	35,435	469,180	487,034
Créditos Comerciales	9,779	7,880	84	80	9,863	7,960
Créditos al Consumo	1,337	1,491	0	0	1,337	1,491
Créditos a la Vivienda	1,279	1,254	0	0	1,279	1,254
Total Cartera Vencida	12,395	10,625	84	80	12,479	10,705
CARTERA TOTAL	449,693	462,223	31,966	35,516	481,659	497,738
Reservas Crediticias	11,736	10,726	314	315	12,050	11,041
Cartera Neta	437,957	451,497	31,652	35,201	469,609	486,697
Reservas a Cartera					96.57%	103.14%
% Cartera Vencida					2.59%	2.15%

1. Includes UDIS.

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

Notes to Financial Statement

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q15

(Million Pesos)

Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	210,914	515	(63)	211,365
Unrestricted	5,268	9	(1)	5,276
CETES	1,619	3	(0)	1,622
BONDES	2,693	3	4	2,700
BPA	699	1	1	701
Bonds	119	1	(3)	117
Udibonds	98	0	(2)	96
UMS	40	1	(1)	39
Restricted	205,646	505	(61)	206,090
CETES	4	-	(0)	4
BONDES	41,134	51	1	41,186
BPA	158,735	439	(24)	159,150
Bonds	4,006	12	2	4,020
Udibonds	1,768	3	(41)	1,730
Treasury Bonds	0	-	-	0
Treasury Notes	0	-	-	0
Banking Securities	26,928	28	11	26,966
Unrestricted	664	1	(0)	665
Notes	1	0	0	1
CEDES	52	1	(0)	52
Stock Certificates	456	0	(0)	456
Other Banking Securities	156	-	-	156
Restricted	26,264	27	11	26,302
Notes	2,992	-	1	2,992
CEDES	3,163	6	(0)	3,169
Stock Certificates	17,406	20	10	17,436
Other Banking Securities	2,703	1	1	2,705
Private Securities	6,501	8	104	6,613
Unrestricted	2,022	2	103	2,127
Stock Certificates	507	0	(6)	501
PEMEX Bonds	3	0	(0)	3
Euro Bonds	140	1	0	141
BMV stocks	214	-	90	305
Mutual Funds stocks	1,146	-	23	1,169
Other Private Securities	12	-	(5)	7
Restricted	4,479	7	0	4,486
Stock Certificates	4,460	7	0	4,467
BMV stocks	20	-	(0)	19
Other Private Securities	0	-	-	0
Total	244,343	550	52	244,945

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q15*(Million Pesos)*

Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	83,957	1,161	(55)	85,062
Unrestricted	13,462	229	14	13,705
CETES	2	-	0	2
BONDES	100	0	0	100
BPA	(72)	-	0	(72)
Bonds	381	1	(20)	362
UMS	5,394	208	173	5,775
Treasury Notes	-	0	-	0
Other Government Securities	7,657	20	(139)	7,537
Restricted	70,495	932	(70)	71,357
CETES	96	-	0	96
BPA	70,387	932	(70)	71,249
Bonds	12	0	0	12
Banking Securities	1,031	3	(11)	1,023
Unrestricted	931	3	(11)	923
CEDES	209	2	77	289
Structured Notes	722	0	(88)	634
Restricted	100	0	0	100
Stock Certificates	100	0	0	100
Private Securities	29,376	339	(2,336)	27,380
Unrestricted	19,544	296	(1,498)	18,342
Stock Certificates	3,707	16	(215)	3,509
PEMEX Bonds	8,761	263	(978)	8,046
Euro Bonds	1,129	16	(75)	1,071
BMV stocks	2,629	-	(313)	2,316
Mutual Funds stocks	3,318	-	82	3,400
Restricted	9,832	44	(837)	9,038
Stock Certificates	5,209	9	(10)	5,207
PEMEX Bonds	3,851	35	(120)	3,767
BMV stocks	771	-	(707)	64
Total	114,364	1,503	(2,402)	113,465

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q15*(Million Pesos)*

Securities Held to Maturity	Book Value	Interest	Unrealized gain (loss)	Market Value
Government Securities	61,265	91	-	61,356
Unrestricted	61,265	91	-	61,355
CETES (Special)	912	-	-	912
CETES	57	0	-	57
BONDES	200	0	-	200
Bonds	1,193	3	-	1,196
CBIC	410	2	-	412
Udibonds	58,492	85	-	58,577
Restricted	0	0	-	0
Bonds	0	0	-	0
CBIC	0	0	-	0
Udibonds	0	0	-	0
Banking Securities	5,566	1,269	-	6,835
Unrestricted	5,566	1,269	-	6,835
Notes	2,423	-	-	2,423
CEDES	1,169	1,091	-	2,260
Stock Certificates	1,182	15	-	1,197
Structured Notes	449	163	-	612
Other Banking Securities	342	0	-	343
Private Securities	14,760	206	-	14,966
Unrestricted	10,378	191	-	10,569
Stock Certificates	10,166	187	-	10,353
Euro Bonds	212	4	-	216
Restricted	4,382	15	-	4,397
Stock Certificates	4,382	15	-	4,397
Fair Value Adjustment Ixe Banco	(42)	-	-	(42)
Total	81,550	1,565	-	83,115

REPURCHASE AGREEMENT OPERATIONS 4Q15*(Million Pesos)*

	Repo Debtors			Repo Creditors	
	MV Repo Debtors	VM Collateral received sold in Repo Trans	Debtor Balance	Creditor Balance	MV Repo Creditors
Government securities	80,576	80,096	482	1	272,201
Banking securities	4,286	4,286	0	0	23,897
Private Securities	5,128	5,118	11	0	19,057
Total	89,991	89,499	493	1	315,155

**DERIVATES FINANCIAL INSTRUMENTS
OPERATIONS 4Q15
(Million Pesos)**

Creditor Balance	
Instrument	Fair Value
Forward	
Fx Forward	16
Options	
Rate options	495
Fx options	0
Opciones de acciones	301
Swaps	
Rate swap	15,734
Fx swap	2,522
Negotiable Total	19,068
Options	
Rate Options	0
Swaps	
Rate swap	27
Fx swap	52
Hedging total	79
Position total	19,147
Debtor Balance	
Instrument	Fair Value
Forward	
Fx Forward	74
Options	
Rate options	346
Fx options	0
Swaps	
Rate swap	15,062
Fx swap	4,458
Negotiable Total	19,940
Swaps	
Rate swap	1,149
Fx swap	3,855
Hedging total	5,004
Position total	24,944

NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q15 - Banorte
(Million Pesos)

PRODUCT	TYPE	UNDERLYING	NOTIONAL
FX Forwards	Purchases	Exchange Rate (USD/MXN)	1,291
FX Forwards	Sales	Exchange Rate (USD/MXN)	598
FX Options	Purchases	Exchange Rate (Dollar)	0
FX Options	Sales	Exchange Rate (Dollar)	1
Interest Rate Options	Purchases	TIIE	37,013
Interest Rate Options	Sales	TIIE	68,035
Interest Rate Options	Purchases	LIBOR	1,612
Interest Rate Options	Sales	LIBOR	1,762
Interest Rate Swaps	USD LIBOR	LIBOR	627,288
Interest Rate Swaps	MXN TIIE	TIIE	1,948,963
Interest Rate and FX Swaps	CS USDMXN	FIX/VARIABLE	15,837
Interest Rate and FX Swaps	CS EURMXN	FIX/VARIABLE	7,210
Interest Rate and FX Swaps	CS GBPMXN	FIX/VARIABLE	2,334

LOAN PORTFOLIO
(Million Pesos)

	Local Currency		UDIS		Foreign Currency		Total	
	4Q14	4Q15	4Q14	4Q15	4Q14	4Q15	4Q14	4Q15
Performing Loans								
Commercial Loans	148,610	157,398	-	-	42,579	50,668	191,189	208,066
Financial Intermediaries' Loans	2,176	694	-	-	1,140	2,637	3,316	3,331
Consumer Loans	68,234	76,589	-	-	149	132	68,383	76,721
Mortgage Loans	88,228	98,236	286	236	1,404	1,480	89,918	99,952
Government Entities' Loans	118,121	128,976	-	-	841	1,143	118,962	130,118
Total	425,369	461,892	286	236	46,113	56,060	471,768	518,188
Past Due Loans								
Commercial Loans	10,544	7,844	6	0	100	79	10,649	7,923
Financial Intermediaries' Loans	1	0	-	-	-	-	1	0
Consumer Loans	2,370	2,908	-	-	-	-	2,370	2,908
Mortgage Loans	1,207	1,025	34	14	33	33	1,274	1,072
Total	14,121	11,777	39	14	133	112	14,293	11,903
Total Proprietary Loans	439,490	473,670	325	250	46,246	56,171	486,061	530,091

**COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND
MORTGAGE FOVI LOAN PORTFOLIOS AS OF 4Q15- GFNorte**
(Million Pesos)

	TOTAL	
	PERIOD COST	BALANCE OF LOAN PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	6.9	0.0
Mortgage FOVI	-	-
	6.9	0.0

DEFERRED TAXES 4Q15*(Million Pesos)*

ASSETS	INCOME TAX	NET
Excess of preventive reserves accounts over the fiscal limit	2,801	2,801
Non deductible provisions and cumulative income	920	920
Excess of accounting value over fiscal value on Repossessed Assets	783	783
Diminishable profit sharing	111	111
Fees received in advance	881	881
Effects from valuation of instruments	834	834
Tax losses pending amortization	1,738	1,738
Provisions for possible loss in loans	1,134	1,134
Loss on sale of foreclosed assets and credits	94	94
State Tax on Assets Deferred	7	7
Loss on sale of foreclosed assets and credits	0	0
Loss on sale of foreclosed assets and credits	131	131
Total Assets	9,435	9,435
LIABILITIES		
Pension Funds Contribution	(1,082)	(1,082)
Loan Portfolio Acquisitions	(461)	(461)
Projects to be capitalized	(1,987)	(1,987)
Intangibles' amortizations	(30)	(30)
Effects from valuation of instruments	(2,298)	(2,298)
Intangibles' amortizations	(709)	(709)
Unrealized Loss on Securities held for Sale	(83)	(83)
Total Liabilities	(6,650)	(6,650)
Assets (Liabilities) Accumulated Net	2,785	2,785

LONG TERM DEBT AS OF DECEMBER '15 - BANCO MERCANTIL DEL NORTE

(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	3,450	15 years	6.862%	13-oct-21	E/ 180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-mar-08	3,000	3,000	3,000	10 years	TIE + 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	TIE + 0.77%	15-jun-18	E/ 28 days
Non Convertible Subordinated Bonds Q Banorte 08U	UDIs	11-mar-08	447	1,749	2,406	20 years	4.950%	15-feb-28	E/ 182 days
Non Convertible Subordinated Bonds Q Banorte 12	MXN	08-jun-12	3,200	3,200	3,200	10 years	TIE + 1.50%	27-may-22	E/ 28 days
Non-Preferred Non-Cumulative Subordinated Fixed Rate Notes due 2020	USD	14-oct-10	120	1,484	2,070	10 years	9.25%	14-oct-20	E/ 180 days

BANK AND OTHER ENTITIES LOANS' AS OF 4Q15*(Million Pesos)*

	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
Loans from Foreign Banks generated from foreign country	-	1,826	1,826
Loans from Development Banks	12,094	4,362	16,456
Loans from Public Funds	8,705	884	9,589
Call Money & Loans from Banks	17,272	-	17,272
Loans from Fiduciary Funds	164	-	164
Provisions for Interest	64	-	64
	38,299	7,073	45,372
Eliminations			(14,339)
Total			31,032

**CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS -
INTEREST RATES 4Q15**
CORE DEPOSITS (BANORTE)**Demand Deposits**

Local Currency and UDIs	0.54%
Foreign Currency	0.02%

Time Deposits - Retail

Local Currency and UDIs	2.59%
Foreign Currency	0.53%

Time Deposits - Money Market

Local Currency and UDIs	3.29%
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DUE TO BANKS & CORRESPONDENTS (BANORTE)**Immediate Redemption Loans**

Local Currency and UDIs	3.14%
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Public Funds and Development Banks

Local Currency and UDIs	4.15%
Foreign Currency	1.88%

MAIN CREDIT LINES RECEIVED 4Q15 (BANORTE)*Million pesos*

	4Q14	3Q15	4Q15	Change vs. 4Q14	Change vs. 3Q15
Banxico (Monetary Regulation Deposits)	33,449	33,449	33,449	0%	0%
Banxico (Repos with the System of Payments)	37,609	37,229	38,278	2%	3%
Call Money	65,650	105,381	111,065	69%	5%
TOTAL	136,708	176,059	182,792	34%	4%

TRADING INCOME 4Q15*Million Pesos*

Trading income	Consolidated
Securities - Unrealized gains	289
Negotiable instruments	(154)
Derivative instruments - Negotiation	458
Derivative instruments - Hedging	(15)
Impairment loss or revaluation increase	(37)
Result from foreign exchange valuation	7
Result from valuation of precious metals	1
Result from purchase/sale of securities and derivatives	1,454
Negotiable instruments	718
Securities held for sale	640
Securities held to maturity	-13
Derivative instruments - Negotiation	0
Derivative instruments - Hedging	110
Result from purchase/sale of foreign exchange	1,272
Result from purchase/sale of precious metals	5
Transaction costs	0
Intermediation of received collateral	0
Increase derived from trading income adjustments	0
Total	2,991

Risk Management

Risk management at Grupo Financiero Banorte is a key element in determining and implementing Group's strategic planning. The Group's risk management and policies comply with regulations and market best practices.

1. OBJECTIVES, SCOPE AND RISK MANAGEMENT FUNCTIONS

GFNorte's Risk Management's main objectives are:

- Provide to different business areas, clear rules that contribute to its correct understanding to minimize risk and ensure compliance with the parameters established and approved by the Board of Directors and the Risk Policies Committee (CPR).
- Establish mechanisms to monitor the risk taking across GFNorte through the use of robust systems and processes.
- Verify the observance of the Risk Appetite to protect GFNorte's capital against unexpected losses from market movements, credit bankruptcies, and operational risks.
- Implement pricing models for different types of risks.
- Establish procedures for portfolio optimization and credit portfolio management.

Moreover, GFNorte owns sound methodologies to manage quantifiable risks such as Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk and Counterparty Risk.

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

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

Liquidity Risk: potential loss by the impossibility of renewing liabilities or hiring others to GFNorte 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 internal processes, employees, internal systems or external events. This definition includes Technology Risk and Legal Risk. Technology 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 information distribution channel, while the Legal Risk involves the potential loss by sanctions for noncompliance with laws and administrative or judicial decisions unfavorable related to GFNorte's performed operations.

Concentration Risk: potential loss by high and disproportional exposure to particular risk factors within a single category or among different risk categories.

Likewise, regarding unquantifiable risks, Risk Management's Manual in GFNorte establish specific objectives for:

Reputational Risk: potential loss in the performance of Institution's activities, due to an inappropriate or unethical perception of the different stakeholders, internal or external, on their solvency and viability.

1.1 Risk Management – Structure and Corporate Governance

Regarding the structure and organization for a Comprehensive Risk Management, the Board of Directors is responsible for authorizing policies and overall strategies such as:

- GFNorte's Risk Appetite Framework.
- Risk exposure limits, risk tolerance levels and mechanisms for corrective actions

The Board of Directors designates the CPR (Risk Policy Committee) as accountable for managing the risks that GFNorte is exposed to; in order to monitor the performance of operations; and, to comply with objectives, policies and procedures for Risk Management.

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

The CPR is integrated with proprietary and alternate members of the Board, the CEO, the Managing Directors of the Group's Entities, the Risk Managing Director and the Audit Managing Director, the latter participates with voice but no vote.

Moreover, the Assets and Liabilities Committee and the Capital and Liquidity Group, analyze, surveys, and make decisions regarding rate's risks in the balance sheet, the financial margin, liquidity and net capital of the Institution.

The Unit for the Comprehensive Risk Management is in charge of the Risk Management department (DGAR) and among its functions helps to identify measure, monitor, limit, control, report and disclose the different types of risk to which the GFNorte is exposed to.

The DGAR reports to CPR, in compliance with the regulation related to its independence from the business areas.

1.2 Scope and Nature of GFNorte's Risk Management

The function of the Risk Management extends to all subsidiaries comprising GFNorte. Depending on each of the businesses' lines, Credit, Concentration, Market, Liquidity and Operational Risks are measured, managed and controlled.

For this purpose, DGAR relies on different information and risks' measurement systems, which comply with regulatory standards and are aligned with best international practices in Risk Management's matters. It's worth mentioning that information and reports contained and produced in the risks systems are constantly backed up following institutional procedures in IT security matters. Furthermore, risks systems enclose transactions susceptible to Credit, Market, Liquidity and Operational Risks, which are processed and subject to different current models and methodologies, thus generating periodical reports for each one of these risks.

At GFNorte, there are policies and procedures for hedging, mitigation and compensation strategies for each risk type in and off balance, same that are enclosed in models, methodologies and procedures of Risk Management. Within these policies and procedures, are detailed among others: features, seating, legal issues, instrumentation and coverage level to be considered to mitigate risk while covering. These policies and procedures also consider running guarantees as a risk compensation mechanism whenever there is any not remedied breach by debtors. As part of the strategies and processes for monitoring the coverage or mitigating effectiveness for each type of risk, there are limits for each of them (Credit, Market, Liquidity and Operational Risks), which are monitored continuously, also there are procedures established for the documentation of excesses and its causes, and corrective actions are implemented to return to acceptable risk levels.

2. CREDIT RISK

It is the 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:

- Comply with the Risk Appetite defined by the Board of Directors.
- Improve the quality, diversification and composition of the loan portfolio in order to optimize the risk- reward ratio
- Provide Executive Management with reliable, timely information to assist decision making regarding funding.
- Provide Business Areas with clear and sufficient tools to support funding placement and follow-up.
- Create economic value for shareholders by efficient Credit Risk Management.
- Define and keep updated the regulatory framework for the Credit Risk Management.
- Comply with the information requirements that the authorities set forth regarding Credit Risk Management.
- Perform Risk Management in accordance with the best practices, implementing models, methodologies, procedures and systems based on best practices worldwide.
- Measure institution's vulnerability to extreme conditions and consider those results for decisions making.

GFNorte's Risk Management policies are:

- Grant and Manage Retail Credit Risk according to best market practices through Parametric Models aimed to identify risk, minimize losses and increase loan origination with quality.
- Grant and Manage Wholesale Loans to companies and other entities, according to best market practices through a credit strategy including Target Markets and Risk Acceptance Criteria, identifying and managing risk through Loan Rating and Early Alerts methodologies.

- Monitor and control asset quality through Loan Classification System which provides treatment and general actions for defined situations, as well as departments or officers responsible for carrying out such actions.
- Surveillance and Control through Global and Specific Limits, loan rating policies and Credit Risk models that identifies expected and unexpected losses at specific confidence intervals.
- Inform and disclose Credit Risks to risk taking areas, CPR, Board of Directors, Financial Authorities and Investors.
- Define faculties when taking Credit Risks for the institution.

In order to comply with objectives and policies, a series of strategies and procedures have been defined including origination, analysis, approval, management, monitoring, recovery and collections.

2.1 Credit Risk Scope and Methodology

2.1.1 Individual Credit Risk

GFNorte separates the loan portfolio into two large groups: retail loans and wholesale loans.

The individual Credit Risk for retail loans is identified, measured and controlled through a parametric system (scoring) that includes models for each of the SME (small and medium enterprises) and consumer products (mortgage, auto, payroll, personal loans and credit cards).

Individual risk for wholesale loans is identified, measured and controlled through Objective Markets, Criteria for Risk Acceptance, Early Alerts and GFNorte's Internal Risk Rating (CIR Banorte).

The Objective Markets, Criteria for Risk Acceptance and 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 categories of economic activity by region, backed by economic research and loan behavior analysis as well as by expert opinions, where GFNorte is interested in granting loans.

The Risk Acceptance Criteria are parameters that describe different types of risks by industry, in order to estimate the risk taking when granting loans to customers based on their economic activity. The types of risk observed in the Risk Acceptance Criteria are: Financial, Operation, Market, Enterprise's life cycle, Legal and Regulatory Risks, besides credit experience and management quality.

Early Alerts are a set of criteria based on borrower information and indicators, as well as their environment, as a mechanism for timely prevention and identification of a probable deterioration in the loan portfolio, thereby enabling the institution to take prompt preventive actions to mitigate Credit Risk.

Banorte's CIR is a borrower's rating methodology which assesses quantitative and qualitative criteria in order to determine credit quality. CIR applies to commercial loans equal to or greater than the equivalent of four million investment units (UDIS) in Mexican pesos equivalent on the qualification date.

2.1.2 Portfolio Credit Risk

GFNorte developed a portfolio Credit Risk methodology that, besides including international standards for identifying, measuring, controlling and monitoring, has been adapted to work within the context of the Mexican Financial System.

This Credit Risk methodology provides the current value of the entire loan's portfolio at GFNorte, that is, the loan exposure, allowing monitoring of the risk concentration levels per risk ratings, geographical regions, economic activities, currency and type of product in order to observe the portfolio's profile and take action to improve diversification, which will maximize profitability with the lowest risk.

Estimating loan exposure implies generating cash flow for each and every loan, of both capital and interests, in order to discount them later. This exposure is sensible to changes in the market, thereby facilitating calculations under different economic scenarios.

The methodology, in addition to contemplating loan exposure, takes into consideration the probability of default, recovery level associated to each client and the classification of the debtor based on the Merton model. The probability of default is the probability that the debtor will not fulfill his/her debt obligation with the institution according to the originally agreed terms and conditions. The probability of default is based on transition matrixes estimated by GFNorte based on the migration of the debtors through different risk rating levels. The recovery ratio is the percentage of total exposure that is estimated to be recovered if the debtor defaults. 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 default or variations in debtors' credit quality. The unexpected loss is an indicator of the loss in extreme scenarios and is measured as the difference between the maximum losses given the distribution of losses, at a specific confidence level that for GFNorte's is 99.5% and 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 GFNorte's strategy. The individual risk identification tools and the portfolio Credit Risk methodology are periodically verified and updated to in order to include the application of new techniques that may support or strengthen them.

2.1.3 Credit Risk of Financial Instruments

Credit Risk Management of financial instruments is managed through a series of key pillars with a robust framework of policies for origination, analysis, authorization and management.

Origination policies define the types of eligible negotiable financial instruments, as well as the methodology 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.

The Loan Committee authorizes operation lines with financial instruments for clients and counterparties in accordance with authorization policies. The authorization request is submitted by the business area and other areas involved in the operation, with all the relevant information for analysis by the Committee who, if considered appropriate, issues its authorization. Nevertheless, the UAIR is empowered to authorize counterparty credit lines (mainly financial entities) that comply with certain criteria through a parametric methodology approved by the CPR.

In the specific case of derivatives contracts, and in line with best practices, a methodology for calculating potential exposure of credit lines is used, which are analyzed and approved within the Credit Committee and are monitored on daily and monthly basis in the CPR, where a guarantees analysis for derivative transaction is held both for clients and financial counterparties.

The National Credit Committee holds the minimum faculty to approve lines of credit for derivatives (in case of applying facilities, the UAIR will hold the faculty). For these transactions the use of derivatives with margin calls shall be privileged in order to mitigate the risk of potential exposure to these transactions.

To determine the lines of credit adversely correlated (Wrong Way Risk "WWR") a potential exposure adjustment is considered.

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 counterparty or issuer 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 counterparty type or issuer, 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, security or counterparty which has assigned a risk level based on two fundamentals:

- 1) The probability of nonfulfillment of the issuer, security or counterparty, which is expressed as a percentage between 0% and 100% where the better the rating or lower rate differential vs. the instrument of an equivalent government bond, the lower the probability of non-fulfillment and vice versa.
- 2) The loss given default that could be experienced with respect of the total of the operation in the event of non-fulfillment, is expressed as a percentage between 0% and 100% where the better the guarantees or credit structures, the smaller the loss given default and vice versa. To mitigate Credit Risk and to reduce the loss given default in the event of non-fulfillment, the counterparties have signed ISDA contracts and agreements to net out, in which credit lines and the use of collateral to mitigate loss in the event of non-fulfillment are implemented.

2.2 Credit Risk Exposure

As of December 31st, 2015 the total amount of the exposure subject to the Standard Method to calculate the Capital Ratio is the following:

Gross Exposures subject to the Standard Method (Million pesos)	Banorte	Arrendadora y Factor	Sólida	Banorte-Ixe Tarjetas	Total Loans
Commercial	148,001	18,764	25	0	166,790
YoY Revenues or Sales < 14 MM UDIS	56,901	1,324	0	0	58,224
YoY Revenues or Sales >= 14 MM UDIS	91,100	17,441	25	0	108,566
States or Municipalities	81,199	805	0	0	82,003
Decentralized Federal Government Agencies and State Companies	47,368	754	0	0	48,122
Projects with own source of payment	35,107	0	0	0	35,107
Financial Institutions	35,309	300	0	0	35,609
Mortgage	99,511	0	0	0	99,511
Consumer	50,689	5	2,550	26,253	79,497
Credit Card	1,095	0	0	26,253	27,349
Non-revolving	49,594	5	2,550	0	52,149
Total Loans subject to the Standard Method	497,183	20,628	2,575	26,253	546,640
INB					16,344
Eliminations					(32,893)
Total Loans					

Note: For transactions subject to Credit Risk, the Institution uses external ratings issued by the rating agencies S&P, Moody's, Fitch, HR Ratings and Verum. Only ratings issues by rating agencies are considered, they are not assigned based on comparable assets.

2.2.1 Loan Portfolio

GFNorte's Credit Risk loan portfolio as of December 2015 presented an exposure of Ps 530.09 billion, higher in Ps 16.17 billion or 3.1% QoQ and Ps 44.03 billion or 9.1% YoY.

Variations per product of GFNorte's total portfolio are:

Product / Segment (Million pesos)	Total Loan			Change vs 3Q15		Change vs 4Q14	
	4Q14	3Q15	4Q15	\$	%	\$	%
Government	118,963	129,675	130,119	444	0.3%	11,156	9.4%
Commercial	119,255	123,328	127,434	4,107	3.3%	8,180	6.9%
Corporate	85,899	84,817	91,885	7,068	8.3%	5,986	7.0%
Mortgage	91,192	97,988	101,024	3,036	3.1%	9,832	10.8%
Payroll	34,889	39,112	39,683	571	1.5%	4,794	13.7%
Credit Card	24,567	26,833	27,349	516	1.9%	2,781	11.3%
Auto Loans	11,297	12,172	12,598	425	3.5%	1,300	11.5%
Total Loans	486,061	513,925	530,091	16,166	3.1%	44,030	9.1%

As of 4Q15, GFNorte's performing loans, past due loans and the distressed portfolio, grouped by subsidiary are detailed below:

Subsidiary (Million pesos)	Loans		Distressed Portfolio		Total	Total Reserves
	Performing	Past due	Performing	Past due		
Banorte*	452,711	2,615	1,408	7,557	464,290	10,237
Banorte-Ixe Tarjetas	24,834	1,420	0	0	26,253	2,756
Arrendadora y Factoraje	20,452	2	1	173	20,628	303
INB	16,268	43	33	0	16,344	137
Sólida	2,481	69	0	25	2,575	167
Accounting Record						212
Total Loans	516,746	4,149	1,442	7,755	530,091	13,813

* Banorte's total loans include eliminations for (Ps 32.89 billion)

Total reserves Ps 13.81 billion includes rating reserves for Ps 13.60 billion and accounting records (to reserve 100% overdue interests, valuation, negative debts in the credit bureau and registered in recoveries) for Ps 212 million.

GFNorte's performing, past due and distressed portfolios in 4Q15, grouped by sector and subsidiary are detailed in the two following tables:

	Sector (Million pesos)	Loans		Distressed		Total Loans	Reserves		QoQ Charge offs	Days Past Due**
		Performing	Past Due	Performing	Past Due		4Q15	Change vs 3Q15		
1	Government	130,119	0	0	0	130,119	787	(158)	0	
2	Services*	48,484	30	145	582	49,241	847	(31)	56	831
3	Commerce	42,124	51	354	1,411	43,940	1,147	8	154	322
4	Construction	35,122	34	52	4,621	39,828	2,372	(744)	47	781
5	Manufacturing	36,925	19	122	656	37,723	700	(30)	56	285
Top 5 Sectors		292,774	135	672	7,270	300,851	5,853	(955)	314	
	Other Sectors	32,649	24	736	485	33,894	754	6	32	
	Mortgage	99,952	1,072	0	0	101,024	701	(192)	296	
	Consume	51,883	1,488	0	0	53,371	3,412	63	1,433	
	Credit Card Sofom	24,834	1,420	0	0	26,253	2,756	(75)	256	
	INB Commercial	14,656	10	33	0	14,699	124	11	2	
	Accounting Records						212			
Total Group		516,746	4,149	1,442	7,755	530,091	13,813		2,334	

* Includes Financial, Real Estate and Other Services

**Days past due from Non Performing Loans.

	Sector/Subsidiary (Million pesos)	Banorte*	Banorte- Ixe Tarjetas	AyF	INB	Sólida	Total Loans
1	Government	128,567		1,552			130,119
2	Services**	45,202		4,039			49,241
3	Commercial	39,403		4,537			43,940
4	Construction	36,494		3,308		25	39,828
5	Manufacturing	31,819		5,904			37,723
Top 5 Sectors		281,486	0	19,340	0	25	300,851
	Remaining	182,804	26,253	1,289	16,344	2,550	229,240
Total Loans		464,290	26,253	20,628	16,344	2,575	530,091

* Banorte's total loans include eliminations for (Ps 32.89 billion)

** Includes Financial and Real Estate services

As of 4Q15, GFNorte's performing, past due and distressed portfolios grouped by federal entity and subsidiary are detailed in the following two tables:

	Federal Entities	Loans		Distressed		Total Loans	Total Reserves
	(Million pesos)	Performing	Past Due	Performing	Past Due		
1	Distrito Federal	141,349	888	747	5,101	148,085	4,857
2	Nuevo León	86,964	492	107	270	87,833	1,652
3	Estado de México	39,499	455	80	557	40,591	1,107
4	Jalisco	28,895	312	47	244	29,498	686
5	Tamaulipas	17,669	144	23	125	17,961	404
6	Sinaloa	14,536	116	41	178	14,871	300
7	Coahuila	13,796	98	21	84	13,999	244
8	Veracruz	13,616	176	14	100	13,906	424
9	San Luis Potosí	11,957	64	8	29	12,058	233
10	Sonora	11,562	82	19	48	11,711	209
	Top 10	379,842	2,826	1,108	6,736	390,512	10,115
	Other Federal Entities	136,904	1,322	334	1,019	139,580	3,485
	Accounting Records						212
	Total Loans	516,746	4,149	1,442	7,755	530,091	13,813

	Entity/ Subsidiary	Banorte*	Banorte-Ixe Tarjetas	AyF	INB	Sólida	Total Loans
	(Million pesos)						
1	Distrito Federal	136,027	7,238	3,783		1,037	148,085
2	Nuevo León	75,419	3,970	8,347		96	87,833
3	Estado de México	35,326	3,231	1,853		180	40,591
4	Jalisco	26,617	2,082	776		24	29,498
5	Tamaulipas	16,864	856	158		84	17,961
6	Sinaloa	13,834	488	529		20	14,871
7	Coahuila	12,423	687	844		45	13,999
8	Veracruz	12,771	525	427		182	13,906
9	San Luis Potosí	11,306	551	162		40	12,058
10	Sonora	10,809	313	518		72	11,711
	Top 10	351,395	19,941	17,396	0	1,780	390,512
	Other Federal Entities	112,895	6,313	3,233	16,344	795	139,580
	Total Loans	464,290	26,253	20,628	16,344	2,575	530,091

* Banorte's total loans include eliminations for (Ps 32.89 billion)

As of 4Q15, GFNorte's performing, past due and distressed portfolios grouped by term are detailed below:

Remaining Term	Portfolio		Distressed		Total Loans	Total Reserves
(Million pesos)	Performing	Past Due	Performing	Past Due		
0 - 1 years	55,365	215	259	5,905	61,745	3,603
1 - 5 years	87,823	478	491	1,469	90,260	2,311
5 - 10 years	89,195	170	65	182	89,612	587
> 10 years	220,328	1,752	593	0	222,673	3,737
Banorte	452,711	2,615	1,408	7,557	464,290	10,237
Banorte-Ixe Tarjetas	24,834	1,420	0	0	26,253	2,756
INB	16,268	43	33	0	16,344	137
Factoring	10,911	0	0	76	10,987	164
Leasing	9,541	2	1	97	9,641	139
Sólida	2,481	69	0	25	2,575	167
Accounting Records						212
Total Loans	516,746	4,149	1,442	7,755	530,091	13,813

* Banorte's total loans include eliminations for (Ps 32.89 billion)

The total distressed portfolio is Ps 9.20 billion, below is the quarterly balance of loan loss provisions for this book:

Loan Loss Reserves for Distressed Portfolio (Million Pesos)	4Q15					
	Banorte	Inter National Bank	Banorte-Ixe Tarjetas	Arrendadora y Factor	Sólida	GFNorte
Initial Loan Loss Provisions	4,647	0	0	135	48	4,830
Charged to results	313	7	0	(6)	3	317
Loans' write offs	152	0	0	0.05	0	152
FX changes	0	0	0	0	0	0
Adjustments in Credit Risk	161	7	0	(6)	3	164
Payments in kind	(698)	0	0	(13)	(35)	(746)
Write-offs, charge-offs and discounts	(329)	0	0	(17)	0	(346)
Final Loan Loss Reserves	3,934	7	0	98	15	4,054
Loan Recoveries	40	18	0	0	0	58

2.2.2 Exposure to Financial Instruments

As of December 31st, 2015, exposure to Credit Risk for Securities Investments of Banco Mercantil del Norte was Ps 197.54 billion, of which 99.4% 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 7% of the Tier 1 Capital as of September 2015. 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 September 2015 has similar rating to AAA(mex) and is comprised of (average considered term, amount in billion pesos and rate): market and bond certificates from: Pemex to 6 years and 8 months for Ps 13.99 at 4.8% and Banco Inbursa market certificates for 1 year and 8 months for Ps 6.30 at 3.7%.

The exposure to Credit Risk for Securities Investments of Casa de Bolsa Banorte Ixe was Ps 146.19 billion, of which 100.0% is rated higher or similar to A+(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 25% of the Capital as of September 2015. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Capital as of September 2015 has a higher or similar rating to A+(mex) and are comprised of (average considered term, amount in billion/million pesos and rate): market and deposits certificates of Banco Santander Mexicano to 5 months for Ps 2.52 billion at 3.6%; market certificates of Pemex to 2 years and 4 months for Ps 2.45 billion at 3.8%; promissory notes of Banobras to 1 month for Ps 1.97 billion at 3.3%; deposit and market certificates of Bancomer to 1 year and 1 month for Ps 1.60 billion at 3.6%; market certificates of Banco Inbursa to 7 months for Ps 1.33 billion at 3.6%; market certificates of HSBC to 2 years and 11 months for Ps 1.15 billion at 3.8%; market certificates of Banamex to 1 year and 8 months for Ps 905 million at 3.6%; market certificates of Scotiabank Inverlat for 2 years and 3 months for Ps 813 million at 3.7%; bonds of Deutsche Bank to 7 years and 5 months for Ps 507 million at 9.7%; deposit and market certificates of Banco Interacciones to 2 years and 8 months for Ps 290 million at 3.7%; bonds of CABEL to 3 years for Ps 165 million at 3.5%; and market certificates of Banco Monex to 2 years and 7 months for Ps 144 million at 4.5%. In the case of derivatives, there are no operations.

Arrendadora y Factor Banorte does not have investments in securities; in derivatives, its exposure was Ps 2 million with private counterparties.

Solida Administradora de Portafolios had an exposure to securities for Ps 6 million. The 100.0% is distributed in banking instruments. Its exposure to derivatives was Ps 295 million, 100% of them are with private counterparties.

Banorte Ixe Tarjetas had an exposure to securities for a thousand pesos. The 100.0% is distributed in banking instruments. There are no investments in derivatives.

Banorte's exposure to counterparty risk from transactions with derivatives is presented below, as well as the netting effect and risk mitigation based on the aggregate of guarantees related to transactions.

Position	4Q15	4Q15 Average
Forwards	(53)	(62)
Options	150	148
Interest Rate Swaps	(449)	(525)
Cross Currency Swap	(5364)	(4,857)
Total	(5,717)	(5,296)
Positive Fair Value (Positive Fair Value)	18,852	20,556
Netting Effect*	24,568	25,852
Delivered Guarantees(-) /Received(+)		
Cash	(8,883)	(8,460)
Securities	10	9.8
Total	(8,873)	(8,451)

* Difference between the positive fair value (not considering the net positions) and the portfolio market value
Futures amounting Ps 1.92 million are not included, as do not represent counterparty risk.

The following table represents the current and potential levels of exposure at the end and the average of the quarter, respectively.

	Potential Risk		Current Risk	
Financial Counterparties	4Q15	4Q15 Average	4Q15	4Q15 Average
FWD	21	185	(60)	(69)
OPTIONS	552	560	400	404
INTEREST RATE SWAP	6,310	6,646	(2,554)	(2,829)
CCS	414	352	(6,353)	(5,779)
Total	7,297	7,743	(8,567)	(8,272)
Clients (Non-Financial)	4Q15	4Q15 Average	4Q15	4Q15 Average
FWD	13	13	7	7
OPTIONS	20	22	(250)	(256)
INTEREST RATE SWAP	2,430	2,632	2,105	2,303
CCS	1,002	935	988	922
Total	3,466	3,602	2,850	2,976

Based on conditions established in derivative agreements, tolerance levels of exposure are considered according to the rating of involved entities. The following table presents the amount of guarantees to be delivered, in case of a rating downgrade.

Net Cash Outflows	4Q15	4Q15 Average
Cash Outflow with 1-notch Downgrade	520	535
Cash Outflow with 2-notch Downgrade	572	586
Cash Outflow with 3-notch Downgrade	606	619

In the following table, the market value is detailed according to the ratings for derivatives' counterparties

Rating	4Q15	4Q15 Average
AAA/AA-	(191)	(177)
A+/A-	(1,319)	(1,222)
BBB+/BBB-	(1,538)	(1,425)
BB+/BB-	(4,054)	(3,756)
B+/B-	(0.1)	(0.1)
CCC/C	-	-
SC	1,385	1,283
Total	(5,717)	(5,296)

2.3 Credit Guarantee

Guarantees represent the second credit recovery source when its coverage, through the predominant activity of the applicant, is compromised. Guarantees may be real or personal.

The main types of real guarantees are the following:

- Civil Mortgage
- Industrial Mortgage
- Regular Pledge
- Pledge w/o possession transfers
- Pledge / Pledge Bond
- Pledge Bond
- Caution Securities
- Securities Pledge
- Management and Payments Trust
- Development Funds

For assets granted in guarantee, the Company has policies and procedures to monitor and make periodic inspection visits to ensure the existence, legitimacy, value and quality of the guarantees accepted as an alternative credit support. Furthermore, when guarantees are securities, there are policies and procedures to monitor its market's valuation and require additional guarantees if needed.

The covered loan portfolio by type of guarantee is as follows:

Guarantee type (Million pesos)	4Q15					
	Banorte	INB	Banorte-Ixe Tarjetas	Arrendadora y Factor	Sólida	GFNorte*
Total Loan Portfolio	497,183	16,344	26,253	20,628	2,575	530,091
Covered Loan Portfolio by type of guarantee						
Real Financial Guarantees	11,433	875	0	0	0	12,308
Real Non-Financial Guarantees	272,206	14,410	0	4,677	25	291,318
Pari Passu	23,989	0	0	0	0	23,989
First Losses	22,967	0	0	0	0	22,967
Personal Guarantees	25,034	0	0	5,690	0	30,724
Total Covered Portfolio	355,628	15,285	0	10,367	25	381,305

*Total Loans includes eliminations for (Ps 32.89).

2.4 Expected Loss

As of December 31st, 2015, Banco Mercantil del Norte's total portfolio, excluding Banorte-Ixe Tarjetas and INB, was Ps 497.18 billion. The expected loss represents 1.8% and the unexpected loss is 3.1% with respect to the total portfolio. The average expected loss is 1.8% during the period October-December 2015.

Regarding Casa de Bolsa Banorte-Ixe, the credit exposure of investments is Ps 146.20 billion and the expected loss represents 0.01% of the exposure. The average expected loss is 0.01% between October-December 2015.

The total portfolio of Arrendadora and Factor, including pure leasing is Ps 23.19 billion. The expected loss represents 0.7% and the unexpected loss is 4.5% of the total portfolio. The average expected loss represents 0.7% during the October-December 2015 period.

The total portfolio of Sólida Administradora de Portafolios was Ps 2.58 billion. The expected loss of the portfolio represents 6.6% and the unexpected loss 10.8%, both with respect to the total portfolio. The average expected loss for the period of October-December 2015 was 7.0%.

The total portfolio of Banorte Ixe Tarjetas is Ps 26.25 billion. The expected loss represents 10.9% and the unexpected loss 9.0% both with regard to the total portfolio. The average expected loss represents 10.7% for the period of October-December 2015.

2.5 Risk Diversification

In December 2005, the CNBV issued "General Dispositions Applicable to Credit Institutions regarding to Risk Diversification". These guidelines state that the institutions must carry out an analysis of their borrowers and/or loans to determine the amount of "Common Risk"; also, the institutions must have the necessary information and documentation to prove that the person or group of persons represent common risk in accordance with the assumptions established in those Rules.

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

Tier 1 as of September 30, 2015		72.02
I. Financings whose individual amounts represent more than 10% of basic equity:		
<u>Loan Operations</u>		
Number of financings		2
Total amount of financings		16.96
% in relation to Tier 1		24%
<u>Money Market Operations</u>		
Number of financings		0
Total amount of financings		0
% in relation to Tier 1		0%
<u>Overnight Operations</u>		
Number of financings		0
Total amount of financings		0
% in relation to Tier 1		0%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:		34.32

In compliance with the risk diversification regulation in asset and liability operations, Leasing and Factoring (Arrendadora y Factor Banorte) submits the following information (billion pesos):

Equity as of September 30, 2015		4.15
I. Financings whose individual amounts represent more than 10% of equity:		
<u>Loan Operations</u>		
Number of financings		5
Total amount of financings		3.11
% in relation to Equity		75%
<u>Money Market Operations</u>		
Number of financings		0
Total amount of financings		0
% in relation to Equity		0%
<u>Overnight Operations</u>		
Number of financings		0
Total amount of financings		0
% in relation to Equity		0%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:		4.76

In compliance with the risk diversification regulation in asset and liability operations, Sólida Administradora de Portafolios submits the following information (billion pesos):

Equity as of September 30, 2015	3.65
I. Financings whose individual amounts represent more than 10% of equity (group level):	
<u>Loan Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
<u>Money Market Operations</u>	
Number of financings	1
Total amount of financings	295
% in relation to Equity	8%
<u>Overnight Operations</u>	
Number of financings	1
Total amount of financings	97
% in relation to Equity	3%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	0.804

In compliance with the risk diversification regulation in asset and liability operations, Banorte-Ixe Tarjetas submits the following information (billion pesos):

Equity as of September 30, 2015	5.74
I. Financings whose individual amounts represent more than 10% of equity (group level):	
<u>Loan Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
<u>Overnight Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to Equity	0%
II. Maximum amount of financing with the 3 largest debtors and common risk groups:	0.013

3. MARKET RISK (Bank and Brokerage House)

GFNorte's objectives regarding Market Risk are:

- Maintain an adequate follow-up on Market Risk.
- Maintain the top management adequately informed in time and form.
- Quantify exposure to Market Risk through the use diverse methodologies.
- Define maximum risk levels the Institution is willing to maintain.

- Measure the Institution's vulnerability to extreme market conditions and consider such results when making decisions.

GFNorte's Market Risk Policies are:

- Operation of financial instruments exclusively through approved Markets and approved products.
- Establishment of Global and Specific Limits of Market Risk.
- Measurement and monitoring of Market Risk through the Value at Risk methodology, sensitivities, stress testing analysis under extreme conditions and backtesting among others.
- Information and disclosure of Market Risk to risk-taking areas, CPR, Board of Directors, Financial Authorities and to the investment public.

3.1 Market Risk Methodology

Market Risk Management is managed through a series of fundamental pillars, highlighting the use of models and methodologies such as Value at Risk (VaR), BackTesting and Stress Testing, which are used to measure the risk of traded products and portfolios in the financial markets.

Risk management is supported by a framework of policies and manuals through which the implementation and follow up on market risk limits, the disclosure of the aforementioned risk metrics and its follow up regarding the established limits, are set.

Key risk ratios are disclosed in monthly reports to the Risk Policy Committee and through a daily report to top executives at the institution, related to the Market Risk position-taking.

3.2 Market Risk Exposure

Exposure of the institution's financial portfolios to Market Risk is quantified using the standard methodology in the industry known as Value at Risk (VaR).

The VaR model considers a one day horizon base, a non-parametric historical simulation with a 99% confidence level and 500 historical observations on risk factors. Furthermore, it considers all the positions (money market, treasury, equities, FX and derivatives for trading and hedging purposes) classified for accounting purposes as trading and available for sale assets, both on and off the balance sheet.

The average VaR of the portfolio for 4Q15 was Ps 300 million (Ps 8 million higher than the average VaR for 3Q15).

The result shows that the Bank's potential loss will be above Ps 300 million in one out of a hundred days.

VaR Million Pesos	Average 4Q15
VaR Total	300
Net Capital ⁽¹⁾	80,509
VaR/Net Capital	0.37%

As of the end of the quarter and the average for the quarter, the holding of securities available for sale, included in the VaR, are Ps 60.98 billion and Ps 65.01 billion, respectively.

The average VaR by risk factor for Banorte's portfolio had the following behavior during the fourth quarter of the year:

Risk Factor Million Pesos	4Q15	Average 4Q15
IPC	4.8	2.7
Domestic Interest Rates	208.4	213.2
Foreign Interest Rates	110.8	101.4
Surcharge	12.7	14.9
FX Rate	151.5	118.8
Diversification Effect	(181.2)	(151.2)
Bank's Total VaR	306.9	299.8

The proportion by market risk factor excluding the diversification effect is:

Risk Factor	VaR 4Q15
IPC	0.6%
Domestic Interest Rates	47.3%
Foreign Interest Rates	22.5%
Surcharge	3.3%
FX Rate	26.3%

3.2.1 Sensibility Analysis and Stress Testing under extreme conditions

Since VaR indicates the potential losses under normal market conditions, Banorte complements its risk analysis by applying tests under extreme conditions known as Stress Testing. This is presented to the Risk Policy Committee on a monthly basis with the main objective of assessing the impact on the institute's positions of extreme movements in risk factors.

3.2.2 Backtesting

In order to validate the effectiveness and accuracy of the VaR, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis, it is possible to compare losses and gains observed with respect to the estimated Value at Risk and if necessary make the required adjustments to the estimated.

3.2.3 Value at Risk Casa de Bolsa (VaR)

The average VaR of the portfolio for 4Q15 is Ps 15 million.

The result shows that potential loss will be above Ps 15 million in one out of a hundred days.

VaR Million Pesos	Average 4Q15
Total VaR	15
Net Capital	2,641
VaR/Net Capital	0.57%

The VaR per risk factor is determined by simulating 500 historical scenarios and assessing instruments by their main risk factor. It is important to note that all Casa de Bolsa Banorte-lxe positions were taken into account for the analysis were those classified as trading and available for sale, excluding held to maturity positions.

As of the end of the quarter and the average for the quarter, the holding of securities available for sale, included in the VaR, are Ps 37.61 billion and Ps 34.14 billion, respectively.

Risk Factor Million Pesos	4Q15	Average 4Q15
IPC	0	0
Domestic Interest Rates	16.7	14.6
Surcharge	9.5	7.8
Diversification Effect	(12.5)	(7.5)
Casa de Bolsa Total VaR	13.7	14.9

The proportion by Market Risk factor excluding the diversification effect is

Risk Factor	VaR 4Q15
IPC	0%
Domestic Interest Rates	65%
Surcharge	35%

3.2.4 Sensibility Analysis and Stress Testing under extreme conditions

Since VaR indicates the potential losses under normal market conditions, Casa de Bolsa Banorte-Ixe complements its risk analysis by applying tests under extreme conditions known as Stress Testing. This is presented to the Risk Policy Committee on a monthly basis with the main objective of assessing the impact on the institute's positions of extreme movements in risk factors

3.2.5 Backtesting

In order to validate the effectiveness and accuracy of the VaR, a monthly Backtesting analysis is presented to the Risk Policy Committee. Through this analysis it is possible to compare losses and gains observed with respect to the estimated Value at Risk and if necessary make the required adjustments to the estimated.

4. LIQUIDITY RISK

GFNorte's Liquidity Risk objectives are:

- Comply with the Risk Appetite defined by the Group's Board of Directors.
- Give proper monitoring of Liquidity Risk, both supplemented with stress tests and contingency plan that includes corrective measures, as well as the follow-up of the diversification of funding sources.
- Keep the Senior Management properly informed in a timely manner.
- Quantify using different methodologies, exposure to Liquidity Risk.
- Define the maximum risk levels that the institution is willing to maintain.
- Measure Institution vulnerability to extreme market conditions and consider such results for decision making.

GFNorte's Liquidity Risk Policies are:

- Establishment of specific global limits of Liquidity Risk Management.
- Measurement and monitoring of Liquidity Risk.
- Information and disclosure of Liquidity Risk to risk-taking areas, CPR, Board of Directors, Financial Authorities and to the investment public.

4.1 Liquidity Risk Methodology and Exposure

Liquidity risk is managed through a series of fundamental pillars that include the use of key indicators such as the Liquidity Coverage Ratio (LCR), concentration, funding and stability ratios as well as liquidity stress testing. The latter based on a framework of policies and manuals, including a liquidity contingency plan, and similarly, is enhanced with the follow up on limits and Risk Appetite metrics of Liquidity Risk. The disclosure of metrics and indicators and their compliance with the established limits and the Risk Appetite are reviewed through monthly reports to the CPR, weekly reports to the capital and liquidity management group and quarterly reports to the Board of Directors.

4.2 Profile and Funding Strategy

The composition and evolution of the bank's funding during the quarter is shown in the following table:

Funding Source (Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Demand Deposits			
Local Currency	274,641	304,102	10.7%
Foreign Currency	34,326	32,918	(4.1%)
Demand Deposits	308,967	337,019	9.1%
Time Deposits – Retail			
Local Currency (1)	122,681	126,518	3.1%
Foreign Currency	21,011	23,215	10.5%
Core Deposits	452,659	486,752	7.5%
Money Market			
Local Currency (2)	62,588	54,971	(12.2%)
Banking Sector Deposits	515,248	541,723	5.1%

1. Includes eliminations among subsidiaries
2. Money Market & Time Deposits

4.3 Liquidity Coverage Ratio

The LCR allows the quantification of Liquidity Risk through the relationship between Liquid Assets and Net Cash Outflows in the next 30 days, under a regulatory stress scenario.

The LCR is an indicator designed to ensure that the institution has the liquidity to meet its short term obligations, under an extreme scenario using exclusively high quality liquid assets as source of funding.

The following table presents the average evolution of LCR components in 4Q15.

CCL Components (Million Pesos)		Banco and Sofoms	
		Unweighted amount (Average)	Weighted amount (Average)
COMPUTABLE LIQUID ASSETS			
1	Total Computable Liquid Assets	NA	70,347
CASH DISBURSEMENTS			
2	Unsecured retail financing	352,486	28,317
3	Stable financing	142,231	7,112
4	Less stable financing	210,255	21,026
5	Unsecured wholesale financing	152,721	58,689
6	Operational Deposits	85,821	19,557
7	Non-Operational Deposits	63,199	35,430
8	Unsecured debt	3,702	3,702
9	Secured wholesale financing	NA	17,107
10	Additional Requirements:	188,021	25,027
11	Disbursements related to derivatives and other guarantee requirements	17,167	6,698
12	Disbursements related to losses from debt financing	-	-
13	Lines of credit and liquidity	170,854	18,329
14	Other contractual financing obligations	-	-
15	Other contingent financing liabilities	807	-
16	TOTAL CASH DISBURSEMENTS	NA	128,960
CASH INFLOWS			
17	Cash Inflows for secured operations	50,644	4,208
18	Cash Inflows for unsecured operations	71,250	58,193
19	Other Cash Inflows	1,769	1,769
20	TOTAL CASH INFLOWS	123,635	63,717
Adjusted amount			
21	TOTAL COMPUTABLE LIQUID ASSETS	NA	70,347
22	TOTAL NET CASH DISBURSEMENTS	NA	65,243
23	LIQUID COVERAGE RATIO	NA	107.77%

During 4Q15, the average LCR for the Bank and Sofoms was 107.77%, and at the end of 4Q15 the LCR was 109.24%, the aforementioned levels are above the Risk Appetite and the regulatory minimum standards.

The former results show that Banorte can meet all of its short-term obligations in a crisis scenario¹.

4.4 Evolution of LCR Components

The evolution of the LCR components comparing 3Q15 and 4Q15 is presented in the following table

LCR Component (Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Liquid Assets	68,096	80,576	18.33%
Cash Inflows*	70,220	49,306	(29.78%)
Cash Outflows	136,736	122,947	(10.08%)

*See main LCR results

The Liquid Assets that compute in the LCRs for the Bank and Sofoms between 3Q15 and 4Q15 are distributed as follows:

Type of Asset (Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Total	68,096	80,576	18.33%
Level I	60,986	73,575	20.64%
Level II	7,110	7,001	(1.53%)
Level II A	7,083	6,944	(1.97%)
Level II B	27	57	112.85%

The tables presented show that the institution has not only strengthened its Liquid Assets position, but has been based on an enrichment of higher quality asset.

4.5 LCR Result's Main Causes

Given the ongoing activities of Banorte and Sofoms as well as the liquidity management within the institution, comparing the end of 3Q15 with the end of 4Q15, it stands out the increase in Liquid Assets Level I on the funding made by the institution.

Additionally, during November 2015, intercompany operations were reclassified, having effect in Cash Inflows and Outflows.

4.6 Liquidity Risk in foreign currency

For Liquidity Risk quantification and follow-up, in the specific case of the foreign currency denominated portfolio, Banorte uses the criteria established by Banco de México for the assessment of the foreign currency Liquidity Coefficient.

The Liquidity Coefficient in foreign currencies should be interpreted as the ability of the institution to meet its liquidity mismatches with liquid assets, both in foreign currency.

¹ The Liquidity Coverage Ratio information is preliminary and is subject to Banco de Mexico's affirmation.

4.7 Exposure to Derivatives and possible Margin calls

Banorte applies the regulatory methodology to determine cash outflows for derivatives. At the end of 4Q15, estimated outflows for derivatives were as follows:

Derivatives Cash Outflows (Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Net cash outflows at market value and for potential future exposure	4,706	4,047	(14.0%)
Cash outflows for a 3 notch credit rating downgrade.	634	606	(4.4%)

The former measurement shows that potential outflows for derivatives may represent a liquidity requirement up to Ps 4.65 billion.

4.8 Liquidity Gaps

As part of the liquidity analysis for the Bank, 30 days liquidity gaps for the institution's assets and liabilities (obligations) are analyzed. Results for the Bank at the end of 4Q15 are presented in the following table.

Concept (Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Cumulative 30 day Gap	(44,132)	(67,305)	53.1%
Liquid Assets	68,096	80,576	18.3%

Mismatch among inflows and outflows (gaps) for the next 30 days are covered with liquid assets.

4.9 Stress Testing under liquidity extreme conditions

As part of its Liquidity Risk management, Banorte performs tests under extreme liquidity circumstances with internal scenarios to assess the Bank's liquidity adequacy. A total of 9 scenarios, based on 3 sources of risk (systemic, idiosyncratic and combined) with 3 levels of severity (moderate, medium and severe) are used.

4.10 Contingency Funding Plan

For the purpose of having comprehensive liquidity management practices, and to ensure its operation in adverse situations in terms of Liquidity, Banorte has implemented a contingency funding plan, which incorporates elements to identify possible liquidity problems and defines alternate funding sources available to deal with contingencies.

4.11 Interest Rate Risk

The structural risk in the balance sheet or interest rate is managed using tools such as the sensitivity analysis to changes in rates, domestic, foreign and real obtaining the impact thereof on the net interest margin. In the sensitivity analysis, assumptions on deposits, according to a model of stability, are included.

As part of the rate risk mitigation actions, the institution has policies and limits for portfolio hedging fixed rate. The compliance of the above is reported to the CPR on a monthly basis.

In the table below, the effect on net interest income of a movement of 100 basis points over the rates shown.

(Million Pesos)	3Q15	4Q15	Change vs. 3Q15
Margin Sensitivity	1,201	1,323	10.2%

4.12 Subsidiaries

Liquidity Risk Management processes for the Bank and its Sofoms are centralized in GFNorte's Risk Management General Direction (DGAR). To follow-up on Sofoms' liquidity, an analysis of the balance sheet structural behavior is made, as well as to the funding diversification. Furthermore, a maturity gap analysis is performed. Specifically for the Brokerage House, regulatory liquidity requirements are monitored.

The following table shows the composition of the gap indicators for the Bank's subsidiaries and Sofoms at the end of 4Q15.

Liquidity Ratio (Million Pesos)	Casa de Bolsa Banorte Ixe	Arrendadora y Factor	Sólida	Banorte-Ixe Tarjetas
Cumulative 30 days Gap	1,250	(2,129)	(3,486)	(3,188)
Liquid assets	1,566	11	111	102

5. OPERATIONAL RISK

GFNorte has a formal Operational Risk department headed by the "Deputy Managing Director of Financial and Operational Risk", reporting directly to the Chief Risk Officer.

Operational Risk is defined as the potential loss due to failures or deficiencies in 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 Operational Risk Management are: a) To allow and support the organization to reach its institutional objectives through 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 operational risks are duly quantified to make the proper capital allocation per Operational Risk.

5.1 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 Operational 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.

5.2 Quantitative and Qualitative Measuring Tools

5.2.1 Operational Losses Database

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

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 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 relations with commercial counterparties and suppliers.

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

5.2.2 Legal and Fiscal Contingencies Database

For the recording and follow-up of legal, administrative and tax issues that may arise from adverse 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 cases, determining its risk level based on an internal methodology. This makes it possible to create the necessary reserves in a determined term (according to lawsuit’s term) to face such contingencies.

5.3 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.

5.4. 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.

5.5. Information and Reporting

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

5.6 Technological Risk

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

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

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

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

5.7 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.

6. SECURITIZATIONS EXECUTED BY GFNORTE

The main objective of the securitization operations carried out by the Group is to transfer risks and benefits of certain financial assets to third parties.

GFNorte has accomplished the following securitizations:

- On June 21st, 2006, Banco Mercantil del Norte (Banorte) held the irrevocable trust for the issuance of market certificates No. 374, issuer code BNORTCB, who's underlying assets securities were issued abroad by the United Mexican States (UMS), PEMEX, CFE and Bancomext.
- On October 11th, 2006, Fincasa Hipotecaria (Fincasa), now merged with Banorte, held the irrevocable trust for the issuance of market certificates No. 563, issuer code FCASACB, whose underlying assets are mortgages originated and transferred by Fincasa.
- On December 13th, 2006, Banorte held the irrevocable trust for the issuance of market certificates No. 583, issuer code BNORCB, whose underlying assets are mortgages originated and transferred by Banorte.
- On November 5th, 2007, Banorte held the irrevocable trust for the issuance of market certificates No. 477, issuer code BNTECB, whose underlying assets are loans originated and transferred by Banorte to federal entities, states and municipalities, as well as trusts in which any of such entities act as trustees.

In accordance with criterion C-1 *Recognition and Disposal of Financial Assets*, these assets were written off from the institution's balance sheet as a sale, given that conditions for the risk's and benefit's transfer inherent in the ownership of the financial assets were met. The institution is not responsible for assumed or retained risks with respect to trust assets, its sole responsibility is the fulfilment of its obligations in the trust agreement and administration contract.

The institution is responsible that each of the assigned loans meets the eligibility criteria, at the time of their respective assignment. If the trust, the common representative, the financial guarantor, identify any non-eligible loans, they may require Banorte to replace such loan or if replacement is not possible, to make payment for the "unreplaced ineligible loan" in question. If Banorte identifies any non-eligible loan, it must be notified and replaced or make the corresponding payment.

Particularly in Trusts 374 and 477 operations with derivatives are carried out, specifically swaps, in order to reduce exposure to exchange rate and interest rate risks. The institution assumes the counterparty risk generated by these operations, however these operations are only carried out with institutions of recognized solvency. The Trust's policy is to only carry out derivative instrument operations for the sole purpose of coverage, never for speculation.

The institution's Board of Directors has no pre-determined policies for the issuance of securitizations, authorization for any new issuance must be requested.

The institution does not participate in securitizations of third party positions.

There are several risk factors for securitizations that may affect trusts. If these risks materialize, payment to market certificates' holders could be adversely affected. The main risks which these financial instruments are exposed to are credit, market, liquidity and operational risk, which have been detailed in previous sections.

To monitor the quality of Credit Risk exposure of financial instruments arising from securitized assets, the institution estimates expected loss within one-year time horizon.. Likewise, in order to monitor exposure to market risk, the value at risk is calculated with a one-day time horizon and a 99% confidence level, for these instruments.

Banco Mercantil del Norte is the settlor and trustee of trusts for the securitizations carried out. At the same time it acts as underwriter on each issue, offering bonds to investors. Additionally, the institution also carries out the duties of administrator in each of the trusts.

On the other hand, the institution also acts as an investor by acquiring titles of market certificates issued by the trusts set up for securitizations. By December 31st, 2015 Grupo Financiero Banorte had the following position in securities and securitization amounts carried out by the same institution:

Securitization (Million pesos)	Banorte		Insurance		Total GFNorte	
	Securities	Amount	Securities	Amount	Securities	Amount
91_BNORTCB_07	16,796,030	1,368	-	-	16,796,030	1,368
91_BNTECB_07	50,763,776	1,983	500,000	27	51,263,776	2,010
91_BNTECB_07-2	563,059	17	-	-	563,059	17
97_BNORCB_06	4,938,137	52	500,000	5	5,438,137	57
97_BNORCB_06-2	576,011	6	-	-	576,011	6
97_FCASACB_06U	-	-	-	-	-	-

The following shows the proportion of securities held by Grupo Financiero Banorte, in relation to the total issued for each series:

Securitization (Million pesos)	Issued Securities	Banorte	Insurance	Total GFNorte	Total Clients
91_BNORTCB_07	19,756,030	85.0%	0.0%	85.0%	15.0%
91_BNTECB_07	52,313,776	97.0%	1.0%	98.0%	2.0%
91_BNTECB_07-2	1,113,059	50.6%	0.0%	50.6%	49.4%
97_BNORCB_06	19,853,820	24.9%	2.5%	27.4%	72.6%
97_BNORCB_06-2	620,431	92.8%	0.0%	92.8%	7.2%
97_FCASACB_06U	1,351,386	0.00%	0.0%	0.0%	100.0%

Ratings assigned by each rating agency at the end of the quarter for each market certificate issued by the aforementioned trusts are as follows:

Securitization	Standard & Poor's		Fitch Ratings		Moody's	
	Local	Global	Local	Global	Local	Global
91_BNORTCB_07			AAA (mex)		Aaa.mx	
91_BNTECB_07					Aa1.mx	Baa2
91_BNTECB_07-2					A3.mx	Ba3
97_BNORCB_06	mxAAA		AAA (mex)		Aaa.mx	A3
97_BNORCB_06-2	mxAA		AA-(mex)			
97_FCASACB_06U	mxAA		A(mex)			

As of December 31st, the amounts of the underlying assets of each securitization were:

Securitization (Million pesos)	Amount		
	Performing	Past Due	Total
91_BNORTCB_07*	\$ 2,410	-	\$ 2,410
91_BNTECB_07	\$ 3,103	-	\$ 3,103
91_BNTECB_07-2		-	
97_BNORCB_06	\$ 208	\$ 104	\$ 311
97_BNORCB_06-2			
97_FCASACB_06U	\$ 147	\$ 146	\$ 293

*Figures correspond to securities valuation of trust securitizations.

There are no impaired assets in any of the securitizations.

Securitization exposure broken down by Credit Risk Weight is shown below:

Concept (Million Pesos)	Balance	Capital Requirement
Securitizations with Risk Level 1 (weighted 20%)	1,420	23
Securitizations with Risk Level 2 (weighted 50%)	2,000	80
Securitizations with Risk Level 3 (weighted 100%)	6	0
Securitizations with Risk Level 4 (weighted 350%)	0	0
Securitizations with Risk Level 4, 5, 6 or not rated (weighted 1250%)	0	0

No securitization position is registered in memorandum accounts and no maintained securitization position is deducted from basic capital.

The securitizations of Trusts 563, 583 and 477 considers early amortization provisions, while that of Trust 374 does not consider any. The institution has not conducted revolving securitization or re-securitization operations.

There have been no significant changes to the previous quarter's figures.

a. Applied Accounting Policies

All securitization operations carried out by the institution were recognized as sales in accordance with criterion C-1 *Recognition and Disposal of Financial Assets*. This is because, despite retaining the contractual rights to receive cash flows from financial assets, a contractual obligation is assumed to pay such cash flows to a third party. In addition, an analysis of the transfer of these assets concluded that the entity substantially transfers all the risks and benefits inherent with ownership of the financial assets. Registration of profits from sales conforms to the provisions in paragraph 31 of criterion C-1, which states:

- Eliminate transferred financial assets at the last book value;
- Recognition for the consideration received in the operation;
- Recognition of profit or loss in the income statement, for the difference between the book value of eliminated financial assets, and the sum of (i) compensation received (recognized at fair value) and (ii) the effect (gain or loss) by cumulative valuation recognized in equity.

The BORHIS and GEM Trusts issued certificates in favor of the institution, as holders of rights in last place under the trust agreement. These certificates provide the right to receive a percentage of the distributions and in general to the corresponding proportions of the remnant that may be in the trust after full payment of the bonds. Valuation of the certificates is based on the method of net present value of remaining cash flows expected over the lifespan of the securitization. Remaining cash flows, depending on the type of securitization, are determined as follows:

- a) BORHIS: the sum of the cash flow to receive from the securitized loan portfolio, less the cash flow to pay off the market certificates, less the monthly administration expenses plus the income from sales of foreclosed properties, if the case.
- b) GEM: the sum of the cash flow to receive from the securitized loan portfolio, less the cash flow to pay off the stock certificates, less expenses for Administration, plus or less the change in the reserve's interests.

Remaining flows are discounted with the B1 banking curve, which takes into consideration the trust's Credit Risk. The most important assumptions in the valuation of the certificates are the following:

- a) Non-compliance rate: cash flows to be received from loan portfolios are adjusted by a determined percentage of the outstanding portfolio amount that is estimated to fall into non-compliance. That percentage is estimated using historical performance information of this portfolio. This percentage is applied to flows greater than 12 months.
- b) Prepayment rate: cash flows to be received from the loan portfolio are adjusted by a determined percentage of the outstanding portfolio amount estimated to be prepaid. That percentage is estimated using historical performance information of this portfolio.
- c) Portfolio term: is estimated using WAM (*Weighted Average Maturity*) of the securitized portfolio.
- d) Portfolio interest rate: is estimated using WAC (*Weighted Average Coupon*) of the securitized portfolio.
- e) Portfolio payment dates: loan portfolio payment dates are considered to be the same as those of the stock certificates.
- f) Reserve to be rated: the current value of the remaining flows are reduced by the amount of the reserve to be rated. This reserve corresponds to the non-compliance risk for cash flows in the first 12 months.
- g) General account: the current value of the remaining flows are added to the amount of cash or cash equivalents deposited in the general account, collection account and if the case, in the expense reserve account, in case of total payment of the stock certificates, these assets would be distributed to the certificate holders.
- h) General terms of stock certificates: are estimated to be in accordance with prices published by Valmer.

Regarding the policies for recognizing obligations in balance sheet of the agreements that may require financial support from the institution in case of asset's securitization: all amounts due under the stock certificates of the different existing securitizations, will be charged to the trust estate. If, for any reason, the liquid assets of the trust net worth are not sufficient to ensure payment of the amounts due under the stock certificates, holders will not have the right to claim payment from the institution, the Trust, the common representative, the placement agent, the guarantor or guarantors in the case, or anyone else. The stock certificates have not been guaranteed or endorsed by any of the persons involved in the issuance thereof, therefore none of them are obligated to make payments to the certificate holders, with the exception, in the case of a trust, where payments may be charged to the trust in accordance with the trust agreement.

7. POSITION IN SHARES:

At the end of December 2015, Banco Mercantil del Norte held shares amounting to Ps 4.024 billion, with gains of Ps 105 million.

During the fourth quarter, accumulated profits from sales and settlements were Ps 40 million.

For the purpose of calculating the Capital Ratio, only Ps 110 million were deducted for the calculation of the Core Tier 1. For negotiable securities, the capital requirement for Market Risk was Ps 137 million. For Securities available for sale, the capital requirement for Market Risk was Ps 30 million and for Credit Risk Ps 186 million.

Institution	Type of Quotation	Accounting classification	Capitalization treatment	Market Value 4Q15	Gains / Losses 4Q15	Acum. Profit / Loss 4Q15
Banorte	Public	Negotiable Securities	Subject to Market Risk Requirement	450	15	(23)
Banorte	w/o public quote	Securities Available for Sale	Subject to Market and Credit Risks Requirements	3,298	9	63
Banorte	Public	Securities Available for Sale	Subject to Market and Credit Risks Requirements	66	(13)	-
Banorte	Public	Securities Available for Sale	Subject to Core Tier 1 deduction	110	9	-
Banorte	Public	Securities Available for Sale	Subject to Credit Risk Requirement	100	86	-
Total				4,024	105	40

In December 2015, net equity instruments in Casa de Bolsa Banorte - Ixe, amounted to Ps 324 million with a positive valuation of Ps 90 million.

During the quarter, losses were recorded for Ps 1 million from sales and settlements.

For the purpose of calculating the capitalization ratio, investments that are deducted from the Net Capital are not included. For securities available for sale, the capital requirement for Market risk was Ps 98 million.

Institution	Type of Quotation	Accounting classification	Capitalization treatment	Market Value 4Q15	Gains / Losses 4Q15	Acum. Profit / Loss 4Q15
Casa de Bolsa Banorte-Ixe	Public	Negotiable Securities	Subject to Market Risk Requirement	324	90	(1)
Casa de Bolsa Banorte-Ixe	w/o public quote	Securities Available for Sale	Subject to Market and Credit Risks Requirements	0	0	0
Casa de Bolsa Banorte-Ixe	Public	Securities Available for Sale	Subject to Market and Credit Risks Requirements	0	0	0
Casa de Bolsa Banorte-Ixe	Public	Securities Available for Sale	Subject to Core Tier 1 deduction	0	0	0
Casa de Bolsa Banorte-Ixe	Public	Securities Available for Sale	Subject to Credit Risk Requirement	0	0	0
Total				324	90	(1)

- **Internal Control**

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

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

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

During the fourth quarter of 2015, activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

- A. The various Corporate Governance Committees have had the required financial, economic, accounting and/or legal information for proper decision-making.
- B. The policies and procedure manuals have been updated as per changes in external regulations, new products, and changes in the Institution's processes or improvements to internal controls. Corporate Governance documents related with internal control were reviewed, in the case of Human Resources General Policies, which were updated, were submitted for approval through the CAPS to the Board of Directors.
- C. There has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI.
- D. The Supervisory Authorities' requirements have been addressed, the ordinary inspection visits were attended and the information required by the external regulations has been submitted.
- E. Through Process and Management Controllers, various business and support processes that make up the operation in GFNorte are monitored, to report periodically on compliance and identifying where areas of opportunity for timely remediation.
- F. During the quarter, and according to the work plan developed at the beginning of the year, various activities in terms of accounting internal control were carried out.
- G. Requests regarding internal control subjects from diverse internal departments were handled, to the development of new institutional projects, as well as those derived from changes to the Regulation.

FINANCIAL SITUATION AND LIQUIDITY

• Treasury Policy

GFNorte's Treasury Department is the central unit responsible of balancing GFNorte's liquidity needs, monitoring and managing the regulatory levels, reducing interest rate risk on the balance sheet by using coverage and implementing arbitrage strategies.

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

• Internal and External Liquidity Sources

The internal liquidity sources, in local and foreign currency, come from the various deposit products that the institution offers to customers.

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

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

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

• Dividend Policy

GFNorte's Ordinary General Shareholders' Meeting held on November 19th, 2015, approved to modify the Dividend Policy, which was effective since October 2011.

As of November 2015, the Policy establishes that the dividend payment can be between 16% and up to 40% of the net income of the prior year.

- For reference, the former Policy which decreed dividends established a payment between 16% and 20% of the recurring net income depending on its annual growth.

• Related Parties Loans

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

In GFNorte as of December 31st and September 30th, 2015, the amount of loans granted to third parties is as follows (million pesos):

Lender	Dec-2015	% Basic Equity	Sept-2015	% Basic Equity
Banorte	Ps 7.55	10.5%	Ps 5.94	8.2%

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

Banorte.

As of **December 31st, 2015**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 7.55 billion (including Ps 914 million in — Credit Letters "CC", which are registered in memorandum accounts), representing 1.5% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans, Ps 6.33

billion were loans granted to clients linked to members of the Board of Directors; Ps 15 million were granted to clients linked to shareholders and Ps 1.21 billion were linked to companies related to GFNorte.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at the end of December 2015 was 10.5% of the basic part of the equity.

Related party loans have been granted under market conditions and rated in accordance with the policies, procedures and rating systems applicable to the rest of GFNorte's loan portfolio based on the general dispositions applicable to credit institutions with regard to rating of loan portfolios issued by CNBV. 91% of the related party loans are rated in Category "A", and the majority of these loans were classified as commercial loans.

As of **September 30th, 2015**, total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 5.94 billion (including Ps 901 million in — Credit Letters "CC", which are registered in memorandum accounts), representing 1.2% of Banorte's total loan portfolio (excluding the balance of CC). Of the total related loans, Ps 5.48 billion were loans granted to clients linked to members of the Board of Directors; Ps 80 million were granted to clients linked to shareholders and Ps 381 million were linked to companies related to GFNorte.

In accordance with Article 73 of the Law for Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at the end of September 2015 was 8.2% of the basic part of the equity.

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

- **Loan or tax liabilities**

The tax credits listed below are currently in litigation:

As of December 31, 2015	
BANORTE	\$34
IMSS fees, various occupations	6
INFONAVIT fees, various occupations	28
AFORE XXI BANORTE	\$2
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
UNITELLER	\$5
Philippines 2007 2008	5
CASA DE BOLSA BANORTE IXE	\$35
Fiscal credit review - year 2003 (document 900 06 05-2008-11006)	35
IXE BANCO	\$13
Income Tax-Profit Sharing for the 2005 fiscal year – inflation adjustment (document: 900-06- 03-2009-33720 court case:3814/10-17-06-2)	13
Million pesos	

- **People in Charge**

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

Act. Jose Marcos Ramirez Miguel
Chief Executive Officer of Grupo Financiero Banorte, S.A.B. de C.V.

Eng. Rafael Arana de la Garza
Chief Operating Officer & Chief Financial Officer

C.P. Isaias Velazquez Gonzalez
Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo
Deputy Managing Director of Comptrollership

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

Basis for submitting and presenting Financial Statements

Grupo Financiero Banorte (GFNorte). Issues consolidated financial statements with its Subsidiaries in accordance with the General Provisions Applicable to Financial Information of the Regulating Agencies of Financial Groups Subject to Supervision by the National Banking and Securities Commission (CNBV) published in the Official Gazette of the Federation on January 31, 2011 and modified on July, 18, 2011 and December 1, 2014. As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect"; which mentions that, the economic environment is non-inflationary, when accumulated inflation of the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

Banking Sector (Banorte). Issues consolidated financial statements with its subsidiaries in conformity with the General Provisions for Financial Information of Credit Institutions in effect as published on December 2, 2005 and modified on March 3 and 28, September 15, December 6 and 8, 2006, January 12, March 23, April 26, November 5, 2007, March 10, August 22, September 19, October 14, December 4, 2008, April 27, May 28, June 11, August 12, October 16, November 9, 2009, December 1 and 24, 2009, January 27, February 10, April 9 and 15, May 17, June 28, July 29, August 19, September 9 and 28, October 25, November 26, December 20, 2010, January 24 and 27, March 4, April 21, July 5, August 3 and 12, September 30, October 5 and 27, December 28, 2011, June 19, July 5, October 23, November 28, December 13, 2012, January 31, April 16, May 3, June 3 and 24, July 12, October 2, December 24, 2013, January 7 and 31, March 26, May 12 and 19, July 3 and 31, September 24, October 30, December 8 and 31, 2014, January 9, February 5, April 30, May 2 and June 23, 2015, August 27, September 21, October 29, November 9 and 13, and December 16, 2015. As a result of the norm NIF B10 "Inflation Effects" taking effect and according to INIF 9 "Presentation of comparable financial statements as a consequence of NIF B-10 taking effect", which mentions that the economic environment is non-inflationary when accumulated inflation for the last three years is less than 26%. Under this context, it is not necessary to re-express financial statements as of January 2008.

GFNorte and Banorte. The financial information contained in this document has been developed according to the regulations issued by the CNBV for the regulating agency and the financial entities that make up the Financial Group and to Norms of Financial Information (Normas de Informacion Financiera NIF), issued by the Mexican Council of Financial Information Norms, A.C. (CINF). 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.