

# Grupo Financiero Banorte

*Financial Information as of December 31, 2014*

## 4Q14



**"Bank of the  
Year Mexico  
2014"**



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



**"Best Bank in  
Mexico 2011"**



**"Sustainable  
Company"**

**LATINFINANCE**

**"Best Bank in Mexico and  
Latin America 2014"**

**The Banker  
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[www.banorte.com/ri](http://www.banorte.com/ri)

**Investor Relations Contacts:**

Ursula Wilhelm  
Mariana Amador  
Olga Domínguez

e-mail: [investor@banorte.com](mailto:investor@banorte.com)

**Institutional  
Investor**

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

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## GFNorte reports Net Income of Ps 15.23 billion in 2014 and Ps 3.82 billion in 4Q14

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

Income Statement and Balance Sheet Highlights-GFNorte								
(Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Income Statement								
Net Interest Income	10,432	10,875	12,441	14%	19%	38,738	44,096	14%
Non Interest Income	2,981	4,506	3,715	(18%)	25%	14,727	16,233	10%
Total Income	13,413	15,381	16,157	5%	20%	53,464	60,329	13%
Non Interest Expense	7,084	6,884	8,590	25%	21%	27,819	29,232	5%
Provisions	1,833	3,253	2,712	(17%)	48%	8,942	11,196	25%
Operating Income	4,496	5,244	4,855	(7%)	8%	16,704	19,901	19%
Taxes	1,075	1,397	1,312	(6%)	22%	3,555	5,668	59%
Subsidiaries & Minority Interest	201	195	277	42%	38%	359	995	177%
Net Income	3,622	4,042	3,819	(6%)	5%	13,508	15,228	13%
Balance Sheet								
Asset Under Management	1,829,106	2,048,680	2,039,197	(0%)	11%	1,829,106	2,039,197	11%
Total Assets	1,006,788	1,048,642	1,097,982	5%	9%	1,006,788	1,097,982	9%
Performing Loans (a)	425,038	444,944	471,768	6%	11%	425,038	471,768	11%
Past Due Loans (b)	13,655	14,951	14,293	(4%)	5%	13,655	14,293	5%
Total Loans (a+b)	438,693	459,896	486,061	6%	11%	438,693	486,061	11%
Total Loans Net (d)	424,404	444,345	470,774	6%	11%	424,404	470,774	11%
Acquired Collection Rights ( e)	3,522	3,050	2,984	(2%)	(15%)	3,522	2,984	(15%)
Total Credit Portfolio (d+e)	427,925	447,395	473,759	6%	11%	427,925	473,759	11%
Total Liabilities	898,097	928,026	973,311	5%	8%	898,097	973,311	8%
Total Deposits	443,740	463,644	497,922	7%	12%	443,740	497,922	12%
Equity	108,691	120,616	124,672	3%	15%	108,691	124,672	15%

Financial Ratios GFNorte	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
Profitability:								
NIM (1)	4.6%	4.6%	5.1%	0.5 pp	0.5 pp	4.4%	4.7%	0.2 pp
NIM after Provisions (2)	3.8%	3.2%	4.0%	0.8 pp	0.2 pp	3.4%	3.5%	0.1 pp
NIM adjusted w/o Insurance & Annuities	4.4%	4.5%	5.0%	0.5 pp	0.6 pp	4.3%	4.5%	0.2 pp
NIM from loan portfolio (3)	8.1%	8.2%	8.7%	0.5 pp	0.6 pp	7.8%	8.2%	0.4 pp
ROE (4)	12.9%	13.8%	12.6%	(1.2 pp)	(0.3 pp)	14.2%	13.2%	(1.0 pp)
ROA (5)	1.5%	1.6%	1.4%	(0.1 pp)	(0.0 pp)	1.4%	1.5%	0.1 pp
Operation:								
Efficiency Ratio (6)	52.8%	44.8%	53.2%	8.4 pp	0.4 pp	52.0%	48.5%	(3.6 pp)
Operating Efficiency Ratio (7)	2.8%	2.6%	3.2%	0.6 pp	0.4 pp	2.9%	2.8%	(0.1 pp)
Liquidity Ratio (8)	137.4%	134.8%	133.7%	(1.1 pp)	(3.7 pp)	137.4%	133.7%	(3.7 pp)
Asset Quality:								
Past Due Loan Ratio	3.1%	3.3%	2.9%	(0.3 pp)	(0.2 pp)	3.1%	2.9%	(0.2 pp)
Coverage Ratio	104.6%	104.0%	107.0%	2.9 pp	2.3 pp	104.6%	107.0%	2.3 pp
Past Due Loan Ratio w/o Banorte USA	3.2%	3.3%	3.0%	(0.3 pp)	(0.2 pp)	3.2%	3.0%	(0.2 pp)
Coverage Ratio w/o Banorte USA	104.4%	103.6%	106.6%	2.9 pp	2.2 pp	104.4%	106.6%	2.2 pp

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

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

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

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

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

6) Non-Interest Expense / Total Income

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

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

GFNORTE's **Net Income** increased 13% during 2014 and decreased (6%) QoQ vs. 3Q14 as a combined result of the following movements in the Income Statement:

- **Net Interest Income** increased 14% YoY during 2014 and 14% QoQ vs. 3Q14. In all cases, this was due to growth in the loan portfolio, in core deposits with a better mix and NII expansion in the Insurance and Annuities companies. **The average Net Interest Margin (NIM)** was 4.7% for 2014 and 5.1% for 4Q14, 24 bp higher vs. 2013 and +50 bp vs. 3Q14. (See pages 10-11).
- **In 2014 Non-Interest Income** grew 10% YoY due to higher service fees and trading revenues and in Other Operating Income (Expenses), which offset fewer revenues from real estate portfolio recoveries. On a quarterly basis, decreased (18%) vs. 3Q14, due to the decline in trading revenues, Other Operating Income (Expenses) and in real estate portfolio recoveries, these decreases were offset by higher service fees. (See pages 12-14).
- **Non-Interest Expenses** increased 5% YoY vs. 2013 as a result of higher Administrative and Promotional Expenses, Rents, Depreciations and Amortizations and Professional Fees. Increasing 25% vs. 3Q14 due to higher payments in Personnel Expenses, Administrative and Promotional Expenses, Other Taxes and Non Deductible expenses and Professional Fees. The **Efficiency Ratio for 2014 was 48.5%**, (3.6 pp) lower YoY, and **53.2% in 4Q14**, 8.4 pp higher vs. 3Q14. (See page 15).
- **Provisions charged to results** increased 25% in 2014 and were (14%) lower vs. 3Q14. The annual increase resulted from higher reserve requirements in Middle Market Companies', the credit exposure to home developers, SMEs, Payroll, Mortgage and Credit Card. The QoQ decrease vs. 3Q14 is mainly due to lower provisions in Middle Market Companies', Payroll, Mortgage and Car loan books, which were partially offset by higher provisions – for home developers, credit card and government portfolios. (See page 11).

#### Subsidiaries' Results

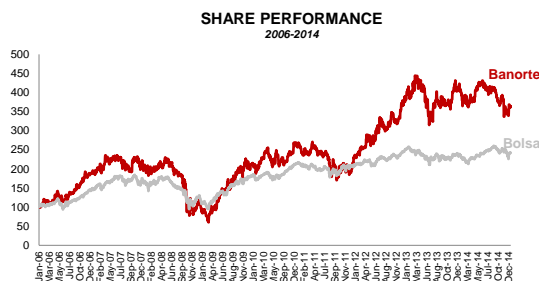
- **The Banking Sector** (excluding the results of Afore XXI Banorte) reported profits of Ps 10.53 billion in 2014, (2%) YoY; while contributing Ps 2.61 billion to earnings in 4Q14, (8%) vs. 3Q14. In this sector, **Banorte - Ixe Tarjetas** reported profits of Ps 1.81 billion in 2014, 50% higher vs. 2013, quarterly profits totaled Ps 389 million, (26%) lower QoQ. (See page 27-30).
- During 2014, **Long Term Savings** contributed Ps 3.22 billion to the Financial Group's earnings, +64% vs. 2013, while contributions to earnings in 4Q14 amounted to Ps 907 million, a 28% QoQ growth vs. 3Q14. (See page 36-38).
- **The Brokerage Sector** reported profits of Ps 931 million in 2014, a 43% increase YoY; and contributed Ps 175 million to earnings in 4Q14, decreasing by (41%) QoQ. (See page 35).
- The **Sofom and Other Finance Companies Sector** recorded profits during 2014 of Ps 573 million a 58 YoY increase. Quarterly profits were Ps 161 million. (See page 39-40).

Subsidiaries Net Income (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
<b>Banking Sector</b>	<b>2,953</b>	<b>2,748</b>	<b>2,609</b>	<b>(5%)</b>	<b>(12%)</b>	<b>10,686</b>	<b>10,526</b>	<b>(2%)</b>
Banco Mercantil del Norte (1)	2,618	2,221	2,220	(0%)	(15%)	9,359	8,721	(7%)
Ixe Banco (2)	-	-	-	-	-	126	-	(100%)
Banorte Ixe Tarjetas	335	528	389	(26%)	16%	1,201	1,805	50%
<b>Broker Dealer</b>	<b>154</b>	<b>297</b>	<b>175</b>	<b>(41%)</b>	<b>13%</b>	<b>649</b>	<b>931</b>	<b>43%</b>
Banorte- Ixe-Broker Dealer	134	267	160	(40%)	20%	562	837	49%
Operadora de Fondos Banorte-Ixe	21	30	15	(50%)	(28%)	87	94	8%
<b>Long Term Savings</b>	<b>666</b>	<b>711</b>	<b>907</b>	<b>28%</b>	<b>36%</b>	<b>1,962</b>	<b>3,215</b>	<b>64%</b>
Retirement Funds - Afore XXI Banorte	263	243	321	32%	22%	1,114	1,181	6%
Insurance (4)	338	390	511	31%	51%	725	1,759	143%
Annuities (4)	65	78	74	(4%)	14%	123	276	125%
<b>Other Finance Companies</b>	<b>(81)</b>	<b>211</b>	<b>161</b>	<b>(23%)</b>	<b>(300%)</b>	<b>362</b>	<b>573</b>	<b>58%</b>
Leasing and Factoring	174	161	209	29%	20%	599	700	17%
Warehousing	3	8	22	188%	734%	43	45	6%
Ixe Automotriz (3)	-	-	-	-	-	15	-	(100%)
Fincasa Hipotecaria (2)	-	-	-	-	-	(28)	-	(100%)
Sólida Administradora de Portafolios (former Ixe Soluciones)	(257)	42	(70)	(267%)	(73%)	(266)	(173)	(35%)
<b>Other Companies</b>								
Ixe Servicios	1	1	0	(99%)	(99%)	1	2	14%
<b>G. F. Banorte (Holding)</b>	<b>(72)</b>	<b>74</b>	<b>(33)</b>	<b>(144%)</b>	<b>(54%)</b>	<b>(153)</b>	<b>(18)</b>	<b>(88%)</b>
<b>Total Net Income</b>	<b>3,622</b>	<b>4,042</b>	<b>3,819</b>	<b>(6%)</b>	<b>5%</b>	<b>13,508</b>	<b>15,228</b>	<b>13%</b>

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

Share Data	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
Earnings per share (1) (Pesos)	1.31	1.46	1.38	(5%)	6%	5.35	5.49	3%
Dividend per Share (Pesos) (3)	0.59	0.20	0.24	24%	(59%)	1.14	0.44	(61%)
Dividend Payout (Recurring Net Income)	20.0%	20.0%	20.0%	(0%)	(0%)	20.0%	20.0%	0%
Book Value per Share (2) (Pesos)	38.45	42.88	44.39	4%	15%	38.45	44.39	15%
Average of Outstanding Shares (Million Shares)	2,773.7	2,773.7	2,770.8	(0%)	(0%)	2,526.1	2,773.0	10%
Stock Price (Pesos)	91.36	85.78	81.20	(5%)	(11%)	91.36	81.20	(11%)
P/BV (Times)	2.38	2.00	1.83	(9%)	(23%)	2.38	1.83	(23%)
Market Capitalization (Million Dollars)	19,367	17,712	15,262	(14%)	(21%)	17,639	15,274	(13%)
Market Capitalization (Million Pesos)	253,408	237,931	224,989	(5%)	(11%)	230,788	225,167	(2%)

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



## SUMMARY OF RESULTS

**Mexico D.F., January 22, 2015.** Grupo Financiero Banorte (GFNORTE) reported results for December 2014. GFNORTE reported annual profits of **Ps 15.23 billion, 13% higher vs. 2013** due to positive operating leverage achieved from the 13% YoY growth in total income and only a 5% increase in operating expenses, effects that offset increases in provisions and taxes. Additionally, the Insurance and Annuities companies, Afore XXI Banorte and the Credit card SOFOM posted favorable business dynamics and profits. **Net income totaled Ps 3.82 billion in 4Q14**, (6%) lower vs. 3Q14 as a result of reduced non-interest income, mainly trading revenues and an increase in quarterly operating expenses; effects that were not fully offset by growth in NII, reduced provisions and tax payments.

**The Banking Sector's profits for 2014 totaled Ps 10.53 billion**, contributing 69% of GFNorte's earnings.

**ROE for 2014 was 13.2%**, a (99 bp) decrease vs. 2013 due to the dilution effect from the equity offering of July 2013, to the capital accumulation mainly in the Bank and an inferior growth in the portfolio than the one forecasted at the beginning of the year. **ROA was 1.5%**, an increase of 5 bp vs. 2013 due to growth in net income as a result of a better mix and return on assets.

- **Deposits and Net Interest Income**

**In 4Q14 Core Deposits grew 14% YoY** or Ps 51.99 billion, from Ps 384.42 billion to **Ps 436.41 billion**, driven primarily by efforts to promote Banorte and Ixe deposit products, as well as the significant increase in account balances of some clients since the end of 2013, mainly in Government banking. Annual growths were 18% for Demand deposits and 5% for Retail Time Deposits. During the quarter, Core Deposits increased 6% or Ps 25.52 billion vs. 3Q14 as a result of increases of 8% in demand deposits and 2% in Retail Time Deposits

**Net Interest Income for 2014 totaled Ps 44.10 billion**, 14% higher vs. 2013 due to better loan mix, lower cost of funds, higher loan origination fees and higher NII of the Insurance and Annuities companies. **Net Interest Income for 4Q14 totaled Ps 12.44 billion**, increasing 14% QoQ, as a result of the reasons already mentioned.

- **Loans**

**At the close of 4Q14, Performing Loans reported a YoY growth of 11%**, increasing by Ps 46.73 billion to close at Ps 471.77 billion. The Loan portfolio has recovered its pace of growth reaching levels not seen since the end of 2012 due to the gradual economic recovery, maintaining a higher growth rate than GDP. Corporate and middle market company portfolios continued to receive prepayments from customers, (approximately Ps 19 billion in 2014) which were offset by new loan placements in both segments during the last quarter, achieving annual growth. The portfolio registered a 6% QoQ increase as a result of growth in the Government, Commercial (reversing last quarter's decline), Corporate, Mortgage, Credit card and Payroll portfolios.

The Financial Group's **Past Due Loan Ratio was 2.9% at end of 4Q14**, (17 bp) vs. 4Q13 and (31 bp) lower vs. 3Q14. The annual reduction resulted in lower PDL Ratios in the Corporate, Credit card and Payroll segments; while the quarterly decline was the result of lower PDL Ratios in the Commercial, Corporate and Credit card segments.

Excluding the PDL of the three troubled home developers companies, **the PDL Ratio would be 1.8%, 30 bp higher vs. 2013 and 30 bp lower than the PDL Ratio for 3Q14.**

At the end of 4Q14, **Past Due Loans totaled Ps 14.29 billion**, 5% higher YoY vs. 4Q13 as a result of growth in PDLs for some Commercial (including SMEs), Mortgage, Payroll, Credit Card and Car loan portfolios, which were not offset by the significant reduction in the Corporate PDL portfolio. The (4%) QoQ decrease was due to a reduction in the Commercial, Corporate and Credit card PDL portfolios. **The Group's coverage ratio was 107.0%** at the end of 4Q14, increasing by 2.3 pp YoY and 2.9 pp QoQ.

- **Efficiency**

**The Efficiency Ratio for 2014 was 48.5%**, (3.6 pp) lower YoY due to positive operating leverage achieved in the period. **In 4Q14, the Efficiency Ratio was 53.2%**, 8.4 pp higher vs. 3Q14 due to the combination of a faster rate of growth in operating expenses and a reduction in the quarterly non-interest income.

- **Capitalization**

Banco Mercantil del Norte's Capitalization Ratio was 15.26% at the end of 4Q14, with a Tier 1 ratio of 13.70% and a Core Tier 1 ratio of 12.70%.

- **Other Subsidiaries**

In 2014, **Long Term Savings**, including Afore XXI Banorte and the Insurance and Annuities companies, contributed Ps 3.22 billion to the Financial Group's earnings, 64% higher vs. 2013; contribution to earnings in 4Q14 were Ps 907 million, a 28% YoY increase vs. 3Q14. The annual growth was due to better dynamics in the companies that make up this sector, especially Seguros Banorte, as well as the reduction in minority interest resulting from the October 2013 purchase of Generali's 49% stake in the Insurance and Annuities companies, (if GFNorte's stake in these companies was considered at 100%, annual growth would have been 60% for the Insurance company and 55% for the Annuities company). The quarterly result vs. 3Q14 was due to the good performance of Afore XXI Banorte and Seguros Banorte.

**Banorte - Ixe Tarjetas**, subsidiary of Banco Mercantil del Norte, reported profits of Ps 1.81 billion, 50% higher YoY, while profits for 4Q14 totaled Ps 389 million, (26%) lower QoQ. Annual growth came from increased revenues from growth in credit volume (which grew 14% YoY) and higher billing. The quarterly decline was due to a decrease in other operating income (expenses), as a result of 3Q14 cancellations of provisions for expenses, as well as growth in non-interest expenses (mainly expenses related to seasonal promotions and advertisements), these effects offset greater interest income incurred by the 4% growth in the portfolio, as well as more billings.

**The Brokerage Sector** (Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe), reported profits for 2014 of Ps 931 million, a 43% increase vs. 2013, driven by higher net interest income, non-interest income (mainly trading) and lower non-interest expenses, which offset higher tax payments; contributions to earnings for the quarter totaled Ps 175 million, declining by (41%) vs. 3Q14, as a result of the reduction in trading revenues and growth in non-interest expenses, which offset growth in net interest income and net fees.

**Sofom and Other Finance Companies**, comprised of Arrendadora y Factor Banorte, Almacenadora Banorte and Solida Administradora de Portfolios, recorded profits for 2014 of Ps 573 million, 58% higher YoY mainly to growth in Arrendadora y Factor Banorte. Quarterly profits of Ps 161 million were posted, (23%) lower vs. 3Q14 due to Solida's results.



## RECENT EVENTS

- **Shareholders' Assembly**

GFNorte held an Ordinary General Shareholders' Meeting on January 21<sup>st</sup>. The company's capital that was represented in the meeting by total subscribed and paid shares was 84.52%. The resolutions approved by the Assembly were:

- I. Distribute a cash dividend of Ps. 0.2435 per share, derived from the Retained Earnings of Prior Years. This dividend, to be paid on January 30, corresponds to the second of four payments that will be made for a total amount of Ps. 0.9740 per share, amount approved by the Group's Board of Directors July 24, 2014, thereby, it will be proposed in subsequent Shareholders' Assemblies to decree additional dividends for a total amount of Ps. 0.4870 per share, to be covered in two installments of Ps. 0.2435 in April and July 2015, respectively.

The total amount of the dividend to be paid represents 20% of the recurring profits of 2013 and the payout ratio was determined according to the dividend policy approved in October 2011, which establishes a payment of 20% of recurring net income in the event that annual profit growth is greater than 20%.

- II. Designation of delegate(s) to formalize and execute the resolutions passed by the Assembly.

- **GFNorte Investor Day**

On December 1, GFNorte, held its Investor Day in New York City. The event was led by the Chairman of the Board of Directors and the top management of the Group. During the annual meeting, attended by more than 100 financial experts both Mexican and international, the Group's organizational changes were presented; moreover, Banorte's management team presented results of the bank's Transformation Program, which was launched over a year ago. Management also addressed the Group's performance expectations for 2015.

While offering his welcoming remarks, Carlos Hank González, Chairman of the Board, stressed that the best for Banorte is at the threshold of a new stage of solid, profitable and sustainable growth, and mentioned to be convinced that the Group will become an international benchmark of good corporate governance.

Marcos Ramírez assured that he will work firmly to make Banorte the best financial institution in Mexico and thus generate value for customers, employees and shareholders; additionally, he was very clear on that he will continue working with the same management team and with the same transformation strategy to achieve the objectives set.

Carlos Hank González, Marcos Ramírez and the management team, stated their vision on the development and the challenges that the Group will face in the upcoming years, they also expressed their commitment and dedication towards creating value for the different stakeholders.

- **Banorte is recognized as the "Best Bank in Mexico and Latin America 2014" by LatinFinance and as the "Best Bank in Mexico 2014" by The Banker.**

Banorte was recognized by **LatinFinance**, the specialized in banking and capital markets magazine as the "**Best Bank in Mexico and Latin America**", and by The Banker through the Financial Times' publication for the second time in a row and the 7<sup>th</sup> since 2005 as the "**Best Bank in Mexico**".

Both appointments considered quantitative and qualitative factors such as security, soundness and prudence shown by the institution. They recognized in Banorte its capacity to grow throughout several acquisition and mergers such as the purchase of the remaining Generali's stakes in the Annuities and Insurance companies and its successful mergers with Ixe and Afore BBVA Bancomer, which gave the Group the possibility to increase its market share and meet the financial needs of new customers. They mentioned as well GFNorte's increasing presence in the equities market.

An additional factor for the assessment was the confidence that investors showed by acquiring the issued shares in the Public Offering, which allowed GFNorte to obtain fresh capital for its expansion in mid-2013, stressing that this capital increase was achieved in a context of greater volatility in international markets and economic growth in Mexico below expectations.



- **Organizational changes**

As part of ongoing efforts to focus the organization towards a client-centered business model and continuing with the best international practices, the following appointments and organizational adjustments were made.

On November 20th, an extraordinary meeting of the Board of Directors was held. As part of the agreements, the Board of Directors accepted the resignation of **Guillermo Ortiz Martinez** as Chairman of this governing body. His resignation is effective as of December 31st, 2014. The Board approved the substitution of Dr. Ortiz with **Carlos Hank Gonzalez** as Chairman of the Board of Directors, effective as of January 1st, 2015. Carlos Hank Gonzalez's appointment is subject to ratification by Shareholders' Assembly, for which this governing body will be called.

The Board of Directors, considering the opinion of the Audit and Corporate Practices Committee (CAPS) approved the resignation of **Alejandro Valenzuela del Rio** as the Financial Group's CEO. Similarly, the Board, hearing the opinion of the CAPS and the Designation's Committee, appointed **Marcos Ramirez** to become CEO of the Financial Group, starting November 20th, 2014. Consistent with the above, Alejandro Valenzuela resigned as member of GFNORTE's Board of Directors.

Marcos Ramirez has 25 years of experience in the financial sector, holding the following positions: Treasurer at Nacional Financiera, various executive positions at Grupo Financiero Santander, and prior to this appointment was Grupo Financiero Banorte's Managing Director of Wholesale Banking. He holds a Bachelor's Degree in Actuarial Science from Universidad Anahuac and is specialized in Finance by Instituto Tecnológico Autónomo de México (ITAM) and is MBA from ESADE in Barcelona, Spain.

Likewise, as of December 1st, 2014, **David Suarez Cortazar**, Chief Financial Officer, left the organization, **Rafael Arana de la Garza**, Chief Operating Officer (COO), will continue having oversight over the finance function of the Group and **Ursula Wilhelm**, Deputy Managing Director of Investor Relations and Financial Intelligence, will maintain responsibility for Investor Relations.

**Armando Rodal** has been appointed Managing Director of Wholesale Banking, reporting directly to the Group's CEO. He has worked at GFNorte for over 21 years. Armando is a Chemical Engineer from Instituto Tecnológico y de Estudios Superiores de Monterrey, MBA from EGADE and has postgraduate degrees from IPADE and Louisiana State University.

## GRUPO FINANCIERO BANORTE

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

- Net Interest Income

Net Interest Income (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Interest Income	16,239	15,813	16,753	6%	3%	65,307	65,303	(0%)
Interest Expense	7,360	6,428	6,597	3%	(10%)	31,065	27,494	(11%)
Loan Origination Fees	429	441	1,134	157%	164%	1,564	2,238	43%
Fees Paid	84	100	88	(12%)	4%	377	367	(3%)
<b>GFNORTE's Net Interest Income excluding Insurance and Annuities Co.</b>	<b>9,223</b>	<b>9,727</b>	<b>11,202</b>	<b>15%</b>	<b>21%</b>	<b>35,428</b>	<b>39,680</b>	<b>12%</b>
Insurance and Annuities-Interest Income	1,544	1,196	1,757	47%	14%	4,121	5,038	22%
Premium Income (Net)	4,145	4,507	5,301	18%	28%	18,026	18,693	4%
Insurance and Annuities-Interest Expense	3	-	-	-	(100%)	14	-	(100%)
Net Increase in Technical Reserves	2,397	2,119	3,406	61%	42%	9,686	9,655	(0%)
Damages, Claims and Other Obligations	2,081	2,436	2,412	(1%)	16%	9,138	9,659	6%
<b>Insurance and Annuities Net Interest Income</b>	<b>1,209</b>	<b>1,148</b>	<b>1,239</b>	<b>8%</b>	<b>3%</b>	<b>3,310</b>	<b>4,416</b>	<b>33%</b>
<b>GFNORTE's Net Interest Income</b>	<b>10,432</b>	<b>10,875</b>	<b>12,441</b>	<b>14%</b>	<b>19%</b>	<b>38,738</b>	<b>44,096</b>	<b>14%</b>
GFNORTE's Provisions	1,833	3,253	2,712	(17%)	48%	8,942	11,196	25%
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>8,599</b>	<b>7,622</b>	<b>9,729</b>	<b>28%</b>	<b>13%</b>	<b>29,796</b>	<b>32,900</b>	<b>10%</b>
Average Productive Assets	904,220	938,399	969,513	3%	7%	875,366	944,776	8%
<b>Net Interest Margin (1)</b>	<b>4.6%</b>	<b>4.6%</b>	<b>5.1%</b>	<b>0.5 pp</b>	<b>52%</b>	<b>4.4%</b>	<b>4.7%</b>	<b>0.2 pp</b>
<b>NIM after Provisions (2)</b>	<b>3.8%</b>	<b>3.2%</b>	<b>4.0%</b>	<b>0.8 pp</b>	<b>21%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>0.1 pp</b>

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

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

During 2014, GFNorte's Net Interest Income grew 14% AoA from Ps 38.74 to Ps 44.1 billion as result of:

- A 13% increase in net financial revenues and loan origination fees; which increased 11% YoY, mainly because of the growth in the government, corporate and consumer portfolios.
- Lower funding costs due to growth in core deposits (+14%), mainly Demand Deposits (+18%), which along with other factors, reduced (11%) Interest Expenses. The latter were also reduced by a decrease of 50 bp in the market reference rate during the past 12 months, as well as the August 2013 payment of Ixe's Perpetual Subordinated Obligations issued at 9.75% in dollars, the cancellation of debt servicing of the USD \$800 million syndicated loan pre-paid on July 26, 2013, and the April 21, 2014 prepayment Banorte made for Preferred Non-Convertible Subordinated Obligations in the amount of Ps 2.2 billion with a rate of TIIE + 2.0%.
- A 43% increase in loan placement fees.
- A 33% increase in the Net Interest Income of the Insurance and Annuities companies.

During 4Q14, GFNorte's Net Interest Income was Ps 12.44 billion, a 14% increase vs. 3Q14 as a combined effect of the following:

- Net financial revenues and loan origination fees increased 11% mainly due to a better loan mix in the portfolio which grew 6% QoQ, driven by the increase in all loans portfolios, mostly government, corporate and commercial portfolios.
- A lower cost of funding due to growth in core deposits (+6%).
- A 157% increase in loan placement fees.
- An 8% increase in the Insurance and Annuities companies' Net Interest Income.

The average Net Interest Margin (NIM) stood at 4.7% for 2014 and 5.1% in 4Q14, 24 bp higher vs. 2013 and 50 bp vs. 3Q14. These increases resulted from growth in productive assets in higher yielding segments (consumer portfolio excluding mortgage, represent 14.5% of the performing loans for 2014, vs. 13.6% at the end of 2013), in addition, the quarterly and accumulated NIM benefited from a higher valuation impact on the investments of the Annuities company.

During 2014, NIM related to lending activity was 8.2%, a YoY increase of 39 bp. Lending NIM for 4Q14 was 8.7%, an increase of 54 bp vs. 3Q14.

The average NIM excluding Insurance and Annuities companies was 4.5% for 2014 and 5.0% in 4Q14, resulting in a YoY increase of 19 bp and a QoQ increase of 51 bp vs. 3Q14.

The average NIM adjusted for Credit Risks was 3.5% in 2014, an increase of 8 bp vs. 2013 driven by the growth in net interest income due to a portfolio mix with higher yielding loans, offset by higher provisions. For 4Q14, the average NIM adjusted for Credit Risks was 4.0%, increasing 77 bp vs. 3Q14 due to a combined effect of the improvement in net interest income and less provisions.

- Provisions

In 2014 provisions charged to results totaled Ps 11.20 billion, +25% vs. 2013 and totaled Ps 2.71 billion in 4Q14, representing a decrease of (17%) vs. 3Q14.

The annual increase resulted from higher reserve requirements in Middle Market Companies', credit exposure to home developers, SMEs, Payroll, Mortgage and Credit Card. The QoQ decrease comes from lower provisions in Middle Market Companies', Payroll, Mortgage and Car loan books, which were partially offset by higher provisions – to home developers, credit card and government portfolios.

Loan loss provisions represented 25% of NII in 2014, a 2 pp YoY increase vs. 2013. During the quarter, loan loss provisions represented 22% of Net Interest Income, comparing favorably to the 30% of 3Q14.

Annualized accumulated loan loss provisions for 2014 represented 2.5% of the average loan portfolio, a YoY increase of 0.4 pp vs. 2013. During 4Q14 annualized loan loss provisions accounted for 2.4% of the average loan portfolio, decreasing (0.6 pp) vs. 3Q14.

- Non-Interest Income

Non Interest Income (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Services	1,895	2,032	2,415	19%	27%	7,278	8,365	15%
Recovery	145	51	39	(25%)	(73%)	811	187	(77%)
Trading	577	1,366	375	(73%)	(35%)	3,414	4,420	29%
Other Operating Income (Expense)	364	1,057	887	(16%)	144%	3,223	3,260	1%
<b>Non Interest Income</b>	<b>2,981</b>	<b>4,506</b>	<b>3,715</b>	<b>(18%)</b>	<b>25%</b>	<b>14,727</b>	<b>16,233</b>	<b>10%</b>

Non Interest Income (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
<b>Fees Charged on Services</b>	<b>3,167</b>	<b>3,167</b>	<b>3,649</b>	<b>15%</b>	<b>15%</b>	<b>12,006</b>	<b>12,820</b>	<b>7%</b>
Fees for Commercial and Mortgage Loans	3	2	2	4%	(40%)	11	9	(21%)
Fund Transfers	155	161	173	7%	11%	533	637	19%
Account Management Fees	375	378	397	5%	6%	1,371	1,499	9%
Fiduciary	95	83	96	15%	1%	362	362	(0%)
Income from Real Estate Portfolios	145	51	39	(25%)	(73%)	811	187	(77%)
Electronic Banking Services	1,076	1,126	1,242	10%	15%	3,934	4,486	14%
For Consumer and Credit Card Loans	685	705	744	6%	9%	2,361	2,792	18%
Fees from IPAB	-	-	-	-	-	-	-	-
Other Fees Charged (1)	632	660	958	45%	52%	2,622	2,847	9%
<b>Fees Paid on Services</b>	<b>1,127</b>	<b>1,083</b>	<b>1,196</b>	<b>10%</b>	<b>6%</b>	<b>3,917</b>	<b>4,268</b>	<b>9%</b>
Fund transfers	11	8	11	29%	(7%)	50	45	(10%)
Other Fees Paid	1,116	1,075	1,185	10%	6%	3,867	4,222	9%
Expenses from Real Estate Portfolios	-	-	-	-	-	-	-	-
<b>Net Fees</b>	<b>2,040</b>	<b>2,083</b>	<b>2,454</b>	<b>18%</b>	<b>20%</b>	<b>8,089</b>	<b>8,553</b>	<b>6%</b>
<b>Trading Income</b>	<b>577</b>	<b>1,366</b>	<b>375</b>	<b>(73%)</b>	<b>(35%)</b>	<b>3,414</b>	<b>4,420</b>	<b>29%</b>
Subtotal Other Operating Income (Expenses) (2)	317	238	334	40%	5%	1,151	1,022	(11%)
Non Operating Income (Expense), net	(100)	663	380	(43%)	(481%)	1,387	1,578	14%
Other Operating Income (Expense) from Insurance and Annuities	146	155	173	12%	18%	685	660	(4%)
<b>Other Operating Income (Expenses)</b>	<b>364</b>	<b>1,057</b>	<b>887</b>	<b>(16%)</b>	<b>144%</b>	<b>3,223</b>	<b>3,260</b>	<b>1%</b>
<b>Non Interest Income</b>	<b>2,981</b>	<b>4,506</b>	<b>3,715</b>	<b>(18%)</b>	<b>25%</b>	<b>14,727</b>	<b>16,233</b>	<b>10%</b>

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

During 2014, Non-Interest Income totaled Ps 16.23 billion, a 10% YoY increase from 15% growth in Service Fees, 29% in Trading Income and 1% in Other Operating Income (Expenses), which offset the decline of (77%) in income from real estate portfolio recoveries.

In 4Q14 Non-Interest Income totaled Ps 3.72 billion, (18%) lower vs. 3Q14. The QoQ reduction resulted from (73%) decline in Trading Income, (16%) in Other Operating Income (Expenses) and (25%) in real estate portfolio recoveries. These decreases were offset by the 19% growth in Service Fees.

- Service Fees

During 2014, Service Fees totaled Ps 8.37 billion, 15% higher as a result of better business dynamics. The YoY growth is the combined effect of:

- i) + 14% in fees from electronic banking,
- ii) + 18% in consumer loan fees,
- iii) + 9% in other fees,
- iv) + 9% in account management,
- v) + 19% in fund transfer revenues, and
- vi) + 9% in fees paid driven by higher interbank fees and commissions paid to insurance brokers.

**Service Fees totaled Ps 2.42 billion in 4Q14, a 19% YoY increase vs. 3Q14** due to better business dynamics similar to those already described and to higher client's transactional levels as well as the increase in the active clients' base.

- **Trading**

**Trading revenues in 2014 totaled Ps 4.42 billion**, a 29% YoY growth due to valuation gains for Banorte and Casa de Bolsa Banorte Ixe, and positive results in FX transactions, which offset the results from securities and derivatives transactions of Banorte and the Annuities Company.

**Trading revenues in 4Q14 totaled Ps 375 million**, a (73%) decrease vs. 3Q14. This QoQ decline was mainly due to negative valuation results of Banorte and Casa de Bolsa Banorte Ixe, as well as reduced trading revenues from Banorte's securities and derivatives operations.

- **Other Operating Income and Expenses**

Other Operating Income (Expenses)	4Q13	3Q14	4Q14	Change		2013	2014	Change
(Million Pesos)				QoQ	YoY			2013
<b>Subtotal Other Operating Income (Expenses)</b>	<b>317</b>	<b>238</b>	<b>334</b>	<b>40%</b>	<b>5%</b>	<b>1,151</b>	<b>1,022</b>	<b>(11%)</b>
Loan Recovery	346	226	264	17%	(24%)	1,384	956	(31%)
Income from foreclosed assets	2	(16)	55	(438%)	3267%	(145)	(130)	(11%)
Other Operating Income	39	76	102	34%	162%	135	424	214%
Other Operating Income (Expense)	(70)	(48)	(87)	80%	24%	(223)	(229)	2%
<b>Non Operating Income (Expense), net</b>	<b>(100)</b>	<b>663</b>	<b>380</b>	<b>(43%)</b>	<b>(481%)</b>	<b>1,387</b>	<b>1,578</b>	<b>14%</b>
Other Products	740	1,458	490	(66%)	(34%)	2,988	3,421	14%
Other Recoveries	111	277	429	55%	286%	1,312	1,217	(7%)
Other (Expenses)	(950)	(1,072)	(538)	(50%)	(43%)	(2,912)	(3,060)	5%
<b>Other Operating Income (Expense) from Insurance and Annuities</b>	<b>146</b>	<b>155</b>	<b>173</b>	<b>12%</b>	<b>18%</b>	<b>685</b>	<b>660</b>	<b>(4%)</b>
<b>Other Operating Income (Expenses)</b>	<b>364</b>	<b>1,057</b>	<b>887</b>	<b>(16%)</b>	<b>144%</b>	<b>3,223</b>	<b>3,260</b>	<b>1%</b>

**During 2014 Other Operating Income (Expenses) totaled Ps 3.26 billion**, 1% higher YoY due to:

- i) A 14% increase in *Other Products*, driven by the cancellation of debtor accounts and other provisions and the increase in leasing revenues, which offset the negative valuation results of securitizations, and
- ii) A 214% increase in *Other Operating Income* due to cancellations of excess preventive estimates constituted in prior years.

The above were offset by:

- i) A (33%) decrease in the combined recoveries' revenues from previously written-off portfolios and sales of foreclosed assets,
- ii) A 5% increase in *Other Expenses* mainly due to more frauds, higher estimates for irrecoverable in certain subsidiaries and other losses, which offset lower expenses on damages,
- iii) A (7%) decline in *Other Recoveries*, as a result of the extraordinary income generated by the recoveries achieved by the sale of an infrastructure project and another business investment, derived from old debts capitalizations in 1Q13 and 3Q13,
- iv) A (4%) decrease in Other Income from the Insurance and Annuities companies, and
- v) A 2% increase in Other Operating Expenses.

On a quarterly basis, Other Operating Income (Expenses) totaled Ps 887 million, (16%) lower vs. 3Q14, was mainly due to:

- i) A (66%) reduction in *Other Products* as a result of fewer cancellations of other liabilities accounts, less profits from sales of property, furniture and equipment, reduced leasing income and the negative valuation results of securitizations, and
- ii) The 80% increase in *Other Operating (Expenses)*.

The above were offset by:

- i) A (50%) decrease in *Other Expenses* as a result of lower estimates for irrecoverables and the valuation results of securitizations, which offset higher expenses for frauds and other losses.
- ii) A 55% increase in acquired portfolio recoveries,
- iii) A 52% increase in the combined revenues from loan charge-offs and sales of foreclosed assets,
- iv) A 34% increase in *Other Operating Income* mainly due to more cancellations of excess preventive estimates, and
- v) A 12% increase in revenues from Insurance and Annuities' operations.

#### • Recoveries

**Non Interest Income from Recoveries** (including real estate portfolio recoveries, write-offs, proprietary loan portfolio and foreclosed assets classified under "Other Operating Income (Expenses) ") **totaled Ps 2.23 billion in 2014**, a (34%) YoY decrease vs. 2013, mainly due to the extraordinary income generated by the recoveries achieved by the sale of an infrastructure project and another business investment, derived from old debts capitalizations in 1Q13 and 3Q13 respectively, in addition to the (77%) decrease in real estate portfolio recoveries that included the recognition of lower revenues related to investment projects, mainly with home developers.

**Recoveries during the quarter amounted to Ps 786 million**, 46% higher vs. 3Q14 due to the 55% increases in *Other Recoveries* and 52% in combined revenues from previously written-off portfolios and sales of foreclosed assets, which offset the (25%) decrease in real estate portfolio income due to a slower rate of recognition of income related to investment projects with home developers.

**The amount invested in housing projects at the end of 4Q14 was Ps 6.24 billion.**

#### • Non-Interest Expense

Non Interest Expense (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Personnel	3,073	2,829	<b>4,054</b>	43%	32%	13,077	<b>12,986</b>	(1%)
Professional Fees	867	762	<b>900</b>	18%	4%	2,767	<b>3,000</b>	8%
Administrative and Promotional	1,328	1,434	<b>1,599</b>	11%	20%	4,874	<b>5,679</b>	17%
Rents, Depreciation & Amortization	794	928	<b>958</b>	3%	21%	3,219	<b>3,648</b>	13%
Taxes other than income tax & non deductible expenses	457	356	<b>517</b>	45%	13%	1,726	<b>1,653</b>	(4%)
Contributions to IPAB	484	474	<b>487</b>	3%	1%	1,831	<b>1,887</b>	3%
Employee Profit Sharing (PTU)	82	101	<b>74</b>	(26%)	(9%)	324	<b>379</b>	17%
<b>Non Interest Expense</b>	<b>7,084</b>	<b>6,884</b>	<b>8,590</b>	<b>25%</b>	<b>21%</b>	<b>27,819</b>	<b>29,232</b>	<b>5%</b>

**Non-Interest Expense for 2014 amounted Ps 29.23 billion, a 5% YoY increase** (in line with the annual inflation in Mexico, 4.08%) to sustain business growth and expansion of the operational infrastructure, which was partially offset by a decline in other concepts. Higher expenses came from:

- i) +Ps 805 million in Administration and Promotional Expenses (+17%). This growth was driven by the increase in various businesses -related expenses, among others, the expenses of insurance tied to consumer credit and more transactions in ATMs and POS.
- ii) +Ps 429 million in Rents, Depreciations and Amortizations (+13%),
- iii) +Ps 234 million in Professional Fees (+8%). This increase was due to higher payment for professional services, such as: audit, trust management and recovery services for the consumer portfolio.
- iv) +Ps 56 million in IPAB contributions (+3%) due to growth in liabilities subject to IPAB fees, and



v) + Ps 55 million in Employee Profit Sharing (+ 17%)

**Non-Interest Expense in 4Q14 totaled Ps 8.59 billion, a 25% increase vs. 3Q14** due to the combined effect of:

- i) A Ps 1.22 billion increase in Personnel Expenses (+43%) mainly due to more provisions for bonuses, incentives and more expenses on salaries and benefits,
- ii) A Ps 165 million increase in Administrative and Promotional Expenses (+11%) due to, among other factors, higher expenses from seasonal promotional campaigns,
- iii) A Ps 161 million increase in Other Taxes and Non-Deductible Expenses (+45%),
- iv) A Ps 139 million increase in Professional Fees (+18%) since during the quarter various payments were made for consulting, technology, audit concepts as well as higher payments for portfolio recovery services,
- v) A Ps 30 million increase in Rents, Depreciations and Amortizations (+3%),
- vi) A Ps 13 million increase in IPAB contributions (+3%), and
- vii) A (Ps 26) million decrease in caused Employee Profit Sharing (-26%).

**The Efficiency Ratio during 2014 was 48.5%** (3.6 pp) lower YoY due to the positive operating leverage achieved in the period. In **4Q14, the Efficiency Ratio was 53.2%**, 8.4 pp higher vs. 3Q14 due to the combination of a higher growth rate in operating expenses and the reduction in non-interest income for the quarter.

#### • Taxes

**Income taxes for 2014 totaled Ps 5.67 billion, +59% YoY and Ps 1.31 billion in 4Q14**, a (6%) decrease vs. 3Q14. The YoY growth is explained by: i) new tax regulations effective as of January 1st, 2014, including: the non-deductibility of loan loss reserves and certain employee benefits, ii) a larger profit base for the calculation of taxes, and iii) the use of fiscal credits in 2Q13. The decline vs. 3Q14 was a smaller profit base.

**The effective tax rate and the Employee Profit Sharing in 4Q14 was 28.1%**, 0.1 pp higher compared vs. 3Q14. **The effective tax rate and accumulated Employee Profit Sharing in 2014 was 29.8%**, 7.0 pp higher compared to the 22.8% for the same period in 2013

#### • Subsidiaries and Minority Interest

**During 2014, Subsidiaries and Minority Interest reported Ps 995 million in profits**, favorable result vs. the Ps 359 million of 2013, due to: i) the October 2013 purchase of Generali's 49% stake in the Insurance and Annuities companies, ii) the decrease in Banorte's minority interest as a result of the payment made to the IFC (completed in December 2013) and iii) to a higher accumulated annual income in the Afore XXI Banorte.

**On a quarterly basis, Subsidiaries and Minority Interest reported Ps 277 million in profits**, 42% higher vs. 3Q14 due to growth of the Afore XXI Banorte's quarterly profits.

#### • Net Income

**GFNorte reported Net Income of Ps 15.23 billion during 2014, 13% higher vs. 2013** due to the positive operating leverage achieved from a 13% YoY growth in total income, lower growth in Operating Expenses, effects that offset increases in credit costs and tax payments. Additionally, it was achieved by lower minority interest resulting from the acquisition of the IFC's stake in Banorte and Generali's participation in the Insurance and Annuities companies, which together with Afore XXI Banorte and the Credit Card SOFOM, posted favorable business dynamics.

**Net income was Ps 3.82 billion for 4Q14, (6%) lower vs. 3Q14**, due to the growth in Operating Expenses plus the decrease in the Non-Interest Income, mainly in trading; effects that were not offset by the increase in NII and the reduction in provisions and tax payments.

**Accumulated recurring revenues** (NII + net fees excluding portfolio recoveries - Operating Expenses - Provisions) **in 2014 totaled Ps 12.03 billion, a 30% YoY increase** as a result of higher financial revenues and fees which offset increases in Operating Expenses and Provisions. **Recurring revenues totaled Ps 3.55 billion in 4Q14, increasing 28% vs. 3Q14**, as a result of the combined effect of growth in Net Interest Income, Service Fees and Operating Expenses as well as the reduction in Provisions.

**In 4Q14, ROE was 12.6%**, (115 bp) lower vs. 3Q14. **ROE for 2014 was 13.2%**, decreasing 99 bp vs. the same period of the previous year due to the dilution of the equity offering of last year. **Return on Tangible Equity (ROTE) was 16.2% in 4Q14**, (40 bp) less vs. 3Q14.



## Return on Tangible Equity (ROTE)

	4Q13	3Q14	4Q14
Reported ROE	12.9%	13.8%	12.6%
Goodwill & Intangibles	Ps 22.37	Ps 23.03	Ps 24.70
Average Tangible Equity	Ps 76.85	Ps 90.63	Ps 94.11
ROTE	17.6%	16.6%	16.2%

ROA for 2014 was 1.5%, an increase of 5 bp over the same period of the previous year due to the growth in net income as a result of a better mix and return on assets. ROA for 4Q14 was 1.4%, (13 bp) lower vs. 3Q14. Return on Risk-Weighted Assets was 3.1%, (4 bp) lower vs. 3Q14.

## Return on Risk Weighted Assets (RRWA)

	4Q13	3Q14	4Q14
Reported ROA	1.5%	1.6%	1.4%
Average Risk Weighted Assets	Ps 444.47	Ps 484.92	Ps 497.60
RRWA	3.0%	3.1%	3.1%

The Banking Sector's (Banco Mercantil del Norte, Banorte - Ixe Tarjetas and Banorte USA) profits for 2014 totaled Ps 10.53 billion, contributing with 69% of GFNorte's profits. Accumulated ROE for 2014 of this sector was 13.7%, 267 bp lower vs 2013 as a result of the increases in equity and the decrease in the accumulated Net. ROA for the Banking Sector was 1.4% for 2014, declining by 15 bp.

- Capitalization

**Banco Mercantil del Norte**

Capitalization (Million Pesos)	4Q13	1Q14	2Q14	3Q14	4Q14	Change	
						QoQ	YoY
Tier 1 Capital	58,585	62,555	65,624	67,840	69,995	3%	19%
Tier 2 Capital	11,034	10,383	7,869	7,951	8,001	1%	(27%)
Net Capital	69,619	72,938	73,493	75,791	77,996	3%	12%
Credit Risk Assets	338,045	338,688	344,656	344,453	359,318	4%	6%
Net Capital / Credit Risk Assets	20.6%	21.5%	21.3%	22.0%	21.7%	(0.3 pp)	1.1 pp
Total Risk Assets (1)	460,328	481,196	491,431	506,729	511,057	1%	11%
Tier 1	12.73%	13.00%	13.35%	13.39%	13.70%	0.3 pp	1.0 pp
Tier 2	2.40%	2.16%	1.60%	1.57%	1.56%	(0.0 pp)	(0.8 pp)
Capitalization Ratio	15.12%	15.16%	14.95%	14.96%	15.26%	0.3 pp	0.1 pp

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

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

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

At the end of 4Q14 **Banorte's estimated Capitalization Ratio (CR) was 15.26%** considering credit, market and operational risk and 21.71% if only credit risks are considered. The Core Tier 1 ratio was 12.70%, Total Tier 1 ratio was 13.70% and Tier 2 was 1.56%.

The Capitalization Ratio increased 0.31 pp vs. 3Q14, showing the following dynamics:

1.	Growth of profits during 4Q14	+0.60 pp
2.	Valuation of Financial Instruments, Securitizations and Equity Accounts	+0.13 pp
3.	Growth in risk assets	-0.13 pp
4.	Effects of Investment in Subsidiaries and Intangibles	-0.29 pp

The Capitalization Ratio Increased 0.14 pp\* vs 4Q13, showing the following dynamics:

1.	Growth of profits during 4Q14	+2.58 pp
2.	Capitalization in March 2014	+0.55 pp
3.	Valuation of Financial Instruments, Securitizations and Equity Accounts	+0.20 pp
4.	Reserves considered as Tier 2 <sup>1)</sup>	-0.08 pp
5.	Prepayment and effectiveness decrease of Subordinate Debt	-0.71 pp
6.	Effects of Investment in Subsidiaries and Intangibles	-0.72 pp
7.	Growth in risk assets	-1.68 pp

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

\*\* pp: Percentage Points

- Deposits

### Grupo Financiero Banorte

Deposits (Million Pesos)	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
Non Interest Bearing Demand Deposits	123,056	129,603	147,733	14%	20%
Interest Bearing Demand Deposits (1)	132,241	148,060	152,549	3%	15%
<b>Total Demand Deposits (2)</b>	255,297	277,663	300,282	8%	18%
Time Deposits – Retail	129,121	133,222	136,127	2%	5%
<b>Core Deposits</b>	384,419	410,885	436,409	6%	14%
Money Market (3)	59,729	53,382	62,287	17%	4%
<b>Total Bank Deposits</b>	444,147	464,268	498,697	7%	12%
<b>GFNorte's Total Deposits (4)</b>	443,740	463,644	497,922	7%	12%
Third Party Deposits	150,636	160,116	149,092	(7%)	(1%)
<b>Total Assets Under Management</b>	594,783	624,384	647,789	4%	9%

1. Excludes IPAB cash management checking accounts for loan portfolios managed from Banpaís and Bancen. The balances of these accounts to 4Q13, 3Q14 and 4Q14 were Ps 0 million, in all cases.
2. Includes Debit Cards.
3. Includes Bank Bonds (Customers and Financial intermediaries).
4. Includes eliminations among subsidiaries: 4Q13 = (Ps 407) million; 3Q14 = (Ps 623) million; 4Q14 = (Ps 774) million.

- Total Deposits

At the end of 4Q14, GFNorte's Total Deposits amounted to Ps 497.92 billion, a 12% YoY increase of Ps 54.18 billion driven mainly by efforts to promote Banorte - Ixe deposit products, as well as higher account balances of some clients, mainly in Government banking, since the end of 2013; while the QoQ increase of Ps 34.28 billion or 7% was a result of increases of 6% in core deposits and 17% in Money Market.

Total Deposits in the Banking Sector amounted to Ps 498.70 billion, representing a 12% YoY increase or Ps 54.55 billion, which is composed of an 18% increase in Demand Deposits, 5% in Retail Time Deposits and 4% in Money Market. During the quarter, Total Deposits increased 7% or Ps 34.43 billion.

- Demand and Time Deposits

At the end of 4Q14, Demand Deposits totaled Ps 300.28 billion, an increase of Ps 44.99 billion, + 18% YoY driven by a 20% increase in cost-free Demand Deposits as a result of the 16% increase in the combined average balances of individual and corporate accounts. Interest Bearing Demand Deposits increased 15% YoY as a result of the 22% increase in the combined average balances of individual and corporate accounts.

On a quarterly basis, Demand Deposits increased Ps 22.62 billion or 8% vs. 3Q14 driven by a 14% increase in Non-Interest Bearing Demand Deposits and 3% in Interest Bearing Demand Deposits.

Retail Time Deposits totaled Ps 136.13 billion, increasing by Ps 7.01 billion or 5% YoY and Ps 2.91 billion or 2% QoQ as a result of campaigns to promote promissory notes with different maturities through branches.

- Money Market Deposits

Money Market Deposits at end of 4Q14 totaled Ps 62.29 billion, representing increases of a 4% YoY and 17% QoQ due to higher funding needs to cover assets' growth needs.

- **Third Party Deposits**

In 4Q14, Third Party Deposits totaled Ps 149.09 billion, (1%) YoY and (7%) QoQ lower. Both changes are driven by the reduction of third-parties in external custody and third-party investments in private banking.

- **Asset Under Management**

At the end of December 2014, Assets Under Management totaled Ps 647.79 billion, growing by Ps 53.01 billion or 9% YoY, while the QoQ balance increased by Ps 23.41 billion, or 4% QoQ, both increases are explained by higher core deposits.

- **Loans**

Performing Loan Portfolio (Million Pesos)	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
Commercial	113,795	109,617	114,040	4%	0%
Consumer	139,715	153,898	158,139	3%	13%
Corporate	75,690	76,263	80,464	6%	6%
Government	95,637	104,996	118,963	13%	24%
<b>Sub Total</b>	<b>424,837</b>	<b>444,774</b>	<b>471,606</b>	<b>6%</b>	<b>11%</b>
Recovery Bank	201	170	162	(5%)	(19%)
<b>Total</b>	<b>425,038</b>	<b>444,944</b>	<b>471,768</b>	<b>6%</b>	<b>11%</b>

Performing Consumer Loan Portfolio (Million Pesos)	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
Mortgages	81,833	86,835	89,758	3%	10%
Car Loans	11,412	11,221	11,074	(1%)	(3%)
Credit Cards	20,323	22,238	23,209	4%	14%
Payroll	26,147	33,604	34,098	1%	30%
<b>Consumer Loans</b>	<b>139,715</b>	<b>153,898</b>	<b>158,139</b>	<b>3%</b>	<b>13%</b>

(Million Pesos)	4Q13	3Q14	4Q14	Change	
				QoQ	YoY
Past Due Loans	13,655	14,951	14,293	(4%)	5%
Loan Loss Reserves	14,289	15,550	15,287	(2%)	7%
Acquired Rights	3,522	3,050	2,984	(2%)	(15%)

- **Total Performing Loans**

Total Performing Loans increased 11% YoY, growing by Ps 46.77 billion at end of 4Q14 with Ps 471.61 billion, excluding proprietary loans managed by the Recovery Bank. The Loan portfolio has recovered a growth rate similar to levels not seen since the end of 2012 due to the gradual economic recovery and has grown above the national economy. Corporate and business portfolios (included in the Commercial portfolio) continue to be affected by prepayments from customers (approximately Ps 19 billion in 2014), despite this 4Q14 registered new loan originations in both sectors to achieve annual growth.

Total Performing Loans increased 6% QoQ vs. 3Q14, growing by Ps 26.83 billion, mainly due to growth in the Government, Commercial (reversing last quarter's decrease) Corporate, Mortgage, Credit Card and Payroll portfolios.

Portfolio growth by segments was:

- **Individual Loans**

- ✓ **Consumer + Mortgage:** Increased by Ps 18.43 billion or 13% vs. 4Q13 and Ps 4.24 billion or 3% QoQ vs. 3Q14 **closing 4Q14 with a balance of Ps 158.14 billion** as a result of favorable annual and quarterly dynamics in all portfolios with the exception of Car loans. Due to the strategy to increase the Consumer portfolio, mainly Payroll loans and Credit cards, Consumer loans (excluding Mortgages) have increased their proportion within the Performing Loan portfolio from 13.6% to 14.5% in the last 12 months.
- ✓ **Mortgages:** Grew by Ps 7.93 billion or 10% YoY, **posting a balance of Ps 89.76 billion**, driven by favorable dynamics in products for construction, remodeling and payment of liabilities and the mortgage program with Pemex. During the quarter the portfolio grew by Ps 2.92 billion or 3% QoQ vs. 3Q14, favored by the origination of middle-income housing mortgages, the mortgage program with Pemex, products for construction, remodeling and payment of liabilities and liquidity programs. During 2014 15,563 new mortgages were placed worth Ps 18.80 billion. As of November 2014, Banorte held 16.3% of the market share in balances and 17.8% in new mortgage loan production to November 2014, ranking third and fourth respectively in the system.
- ✓ **Credit Cards:** **At the end of 4Q14 the portfolio totaled Ps 23.21 billion**, a 14% YoY increase of Ps 2.89 billion and 4% QoQ or Ps 972 million. Both annual and quarterly growths are due to portfolio management strategies, promotional campaigns for Banorte - Ixe products and more cross-selling to clients, increasing billings by 6.1% YoY, while quarterly sales grew 9.8% vs. 3Q14. Profitability of the Credit card portfolio remains good with favorable dynamics, given the growth in the loan portfolio and adequate portfolio risk management. Banorte - Ixe held a 7.7% market share of the system in balances as of November 2014, ranking fourth.
- ✓ **Payroll:** **At the end of 4Q14, the portfolio increased Ps 7.95 billion** or 30% YoY and Ps 494 million or 1% QoQ **totaling Ps 34.10 billion**, as a result of growth in the number of Banorte-Ixe payroll account holders, as well as campaigns to promote the product, multichannel cross-selling strategies and product adjustments to provide more flexibility to clients in order to disburse amortized balances; additionally, in March 2014, Banorte acquired a Payroll loan portfolio from another institution. Payroll loans continue to show vigorous growth with good asset quality with respect to the system's average. Banorte - Ixe held a 19.2% share of the market in balances as of November 2014, ranking third in the system.
- ✓ **Car Loans:** The portfolio decreased by (Ps 338) million or (3%) YoY and (Ps 147) million or (1%) QoQ in 4Q14 **totaling Ps 11.07 billion**. These decreases were due to fewer new loan placements given the growing competition from financial firms of car manufacturers in the last months. The profitability of this product remains favorable as a result of adequate portfolio quality (with respect to the system average) and cross-sales of car insurance, one of Seguros Banorte's most important products. As of November 2014, Banorte-Ixe held a 15.0% market share, ranking fourth in the system, excluding loans granted by finance companies of car manufacturers.

- **II. Loans to Institutions**

- ✓ **Commercial:** Increased by Ps 245 million or 0.2% YoY and Ps 4.42 billion or 4% QoQ **totaling Ps 114.04 billion**. As mentioned above, annual growth for this portfolio was affected by prepayments, as well as by the decrease of the SME portfolio due to lower origination. However, during 4Q14 new loans increased significantly, including the leasing and factoring portfolio. As of November 2014, the market share in Commercial loans (including Corporate) was 11.9%, ranking fourth place in the system.

**The SME portfolio balance was Ps 29.85 billion**, (Ps 3.89) billion or (11.5%) lower YoY; and (Ps 623) million or (2%) lower vs. 3Q14.

**SMEs Portfolio Evolution (billion pesos)**

	4Q13	3Q14	3Q14
<b>Performing Portfolio</b>	Ps 33.74	Ps 30.47	Ps 29.85
<b>% of Performing Commercial Portfolio</b>	29.7%	27.8%	26.2%
<b>% of Total Performing Portfolio</b>	7.9%	6.9%	6.3%
<b>NPL Ratio</b>	5.4%	9.8%	10%

- ✓ **Corporate:** At the end of 4Q14 the balance was **Ps 80.46 billion**, increasing Ps 4.77 billion or 6% YoY and Ps 4.20 billion or 6% QoQ. Annual and quarterly growths were driven by higher origination which offset prepayments received from some clients who used proceeds from capital market transactions to pay off bank liabilities. Banorte's corporate loan portfolio is diversified by sectors and regions and shows a low concentration risk. Banorte's 20 main corporate borrowers accounted for 10.8% of the bank's total portfolio, increasing by 0.6 pp vs. 3Q14 and 0.1 pp vs. 4Q13. The bank's largest corporate loan represents 1.6% of the total portfolio and has an A1 rating, while number 20 represents 0.3%.

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

**As of December 31, 2014 the loan exposure was Ps 5.54 billion in Urbi Desarrollos Urbanos, S.A.B. de C.V., Corporacion Geo, S.A.B. de C.V. and Desarrolladora Homex, S.A.B. de C.V., 15.6% lower than the prior quarter, mainly due to the sale of a company belonging to Grupo Homex to another entity. These three companies represented 1.1% of the total loan portfolio vs. the 1.4% of September 2014. Of these loans, Ps 5.42 billion were past due, decreasing by Ps 82 million in 4Q14. The total portfolio has 76% coverage in guarantees, higher than the 65% reported in the previous quarter due to the sale of a company belonging to Grupo Homex whose loan was unsecured. The reserve coverage of this exposure was 57.6% in 4Q14, 16.8 pp higher vs. 3Q14. Solida had Ps 6.11 billion in investment projects compared to Ps 6.15 billion registered in September 2014.**

- ✓ **Government:** At the end of 4Q14 the balance was **Ps 118.96 billion**, growing by Ps 23.33 billion or 24% YoY and Ps 13.97 billion or 13% QoQ as a result of efforts to continue meeting demand for loans in this segment, including some federal government entities. Banorte's Government portfolio is diversified by sectors and regions, and shows adequate concentration. Banorte's 20 largest Government loans account for 22.4% of the Bank's total portfolio, increasing by 1.8 pp vs. 3Q14 and 2.8 pp vs. 4Q13. The largest Government loan represents 4.5% of the total portfolio and has an A1 rating, while number 20 represents 0.4%. The portfolio's risk profile is adequate with 28.6% of the loans granted to Federal Government entities and over 95% of loans to States and Municipalities have a fiduciary guarantee (Federal budget transfers and local revenues such as payroll tax), and less than 2% of the loans have short-term maturities. As of November 2014, Banorte holds a 22.9% market share of the total system, ranking second.

#### • Past Due Loans

**During 4Q14, Past Due Loans were Ps 14.29 billion**, 5% higher vs. 4Q13 as a result of higher delinquencies in Commercial loans (including SMEs), Mortgages, Payroll loans, Credit Cards and Car loans, which were not offset by the significant reduction in Corporate delinquencies. The (4%) QoQ decrease came from lower delinquencies in Commercial, Corporate and Credit cards.

Quarterly evolution of NPL balances were as follows:

<u>Million pesos</u>	<b>PDLs 4Q14</b>	<b>Change. Vs. 3Q14</b>	<b>Change. Vs. 4Q13</b>
Credit Cards	1,358	(45)	79
Payroll	789	35	161
Car loans	223	8	36
Mortgage	1,274	72	187
Commercial	5,215	(603)	1,826
Corporate	5,435	(126)	(1,649)
Government	-	-	(2)
<b>Total</b>	<b>14,293</b>	<b>(658)</b>	<b>638</b>

In 4Q14, the Past Due Loan Ratio was 2.9%, (17 bp) lower vs. 4Q13 and (31 bp) lower vs. 3Q14. The annual decrease came from lower delinquencies in the Corporate, Credit card and Payroll segments; while the quarterly decrease was the result of a lower PDL Ratio in the Commercial, Corporate and Credit cards.

When excluding the home developers exposure, the PDL Ratio would be 1.8%, 30 bp above the level registered for 4Q13 and (30 bp) lower than in 3Q14.

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

	4Q13	1Q14	2Q14	3Q14	4Q14
Credit Cards	5.9%	6.2%	6.3%	5.9%	5.5%
Payroll	2.3%	2.0%	2.5%	2.2%	2.3%
Car loans	1.6%	1.3%	1.9%	1.9%	2.0%
Mortgage	1.3%	1.3%	1.3%	1.4%	1.4%
Commercial	2.9%	3.6%	3.9%	5.0%	4.4%
Corporate	8.6%	7.3%	7.3%	6.8%	6.3%
Government	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3.1%	3.0%	3.1%	3.3%	2.9%

The expected loss of Banco Mercantil del Norte, the Financial Group's main subsidiary, represents 1.9% and the unexpected loss 3.2%, both with respect to the total portfolio at the end of 4Q14. The average expected loss represented 2.0% for the period of October to December 2014. These ratios were 2.1% and 3.3%, respectively for the close of 3Q14 and 4Q13.

Banco Mercantil del Norte's Net Credit Losses (NCL) including discounts was 1.2%, an increase of 20 bp vs. 3Q14 as a result of write-offs realized during the quarter.

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 '14	14,951
Transfer from Performing Loans to Past Due Loans	4,131
Portfolio Purchase	206
Renewals	(362)
Cash Collections	(894)
Discounts	(186)
Charge Offs	(2,629)
Foreclosures	(135)
Transfer from Past Due Loans to Performing Loans	(859)
Loan Portfolio Sale	-
Foreign Exchange Adjustments	27
Fair Value Ixe	43
Balance as of December '14	14,293



Around 83% of the loan book is rated A Risk, 11% B Risk and 6% as Risk C, D and E combined.

Risk Rating of Performing Loans as of 4Q14-GFNorte (Million Pesos)							
CATEGORY	LOANS	LOAN LOSS RESERVES					
		COMMERCIAL			CONSUMER	MORTGAGES	TOTAL
		MIDDLE MARKET COMPANIES	GOVERNMENT ENTITIES	FINANCIAL INTERMEDIARIES			
A1	375,354	768	487	162	331	108	1,856
A2	58,211	254	229	7	318	38	846
B1	23,457	170	40	6	781	11	1,008
B2	23,162	107	30	11	723	22	893
B3	13,776	263	13	4	326	8	614
C1	6,764	165	26	3	239	39	472
C2	5,326	199	-	1	473	76	749
D	13,749	3,545	-	0	1,472	328	5,345
E	4,133	2,028	-	-	1,072	107	3,208
<b>Total</b>	<b>523,932</b>	-	-	-	-	-	-
Not Classified	(39)	-	-	-	-	-	-
Exempt	29	-	-	-	-	-	-
<b>Total</b>	<b>523,922</b>	<b>7,498</b>	<b>825</b>	<b>195</b>	<b>5,735</b>	<b>737</b>	<b>14,990</b>
<b>Reserves</b>	-	-	-	-	-	-	<b>15,287</b>
<b>Preventive Reserves</b>	-	-	-	-	-	-	<b>297</b>

Notes:

- 1.- The ratings of loans and reserves created correspond to the last day of the month referred to in the Balance Sheet as of December 31, 2014.
- 2.- The loan portfolio is rated according to the rules issued by the Ministry of Finance and Public Credit (SHCP), the methodology established by the CNBV.
- 3.- The additional loan loss reserves follow the rules applicable to banks and credit institutions.

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

(Million Pesos)	Total
Distressed Portfolio	11,305
Total Loans	523,922
<b>Distressed Portfolio / Total Loans</b>	<b>2.2%</b>

- **Loan Loss Reserves and Loan Loss Provisions**

Loan Loss Reserves	
(Million Pesos)	
	4T14
<b>Previous Period Ending Balance</b>	<b>15,550</b>
Provisions charged to results	2,611
Created with profitability margin	0
Reserve Portfolio Sold	0
Other items	0
<u>Charge offs and discounts:</u>	
Commercial Loans	-1,641
Consumer Loans	-890
Mortgage Loans	-373
Foreclosed assets	0
	-2,905
Cost of debtor support programs	-2
Valorization and Others	32
Adjustments	0
<b>Loan Loss Reserves at Period End</b>	<b>15,287</b>

**Loan Loss Reserves in 4Q14 totaled Ps 15.29 billion**, (2%) lower vs. 3Q14. Moreover, 57% of write-offs, charge-offs and discounts corresponds to the Commercial portfolio, 31% to Consumer and 13% to Mortgages.

**Similarly, the loan loss coverage ratio was 107.0%** (106.6% excluding INB), increasing 2.3 pp YoY and 2.9 pp QoQ.

## BANKING SECTOR

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

Income Statement and Balance Sheet Highlights-Banking Sector								
	4Q13	3Q14	4Q14	Change		2013	2014	Change
(Million Pesos)				QoQ	YoY			2013
<b>Income Statement</b>								
Net Interest Income	9,053	9,567	10,712	12%	18%	34,685	38,589	11%
Non Interest Income	3,262	4,102	3,554	(13%)	9%	13,313	14,969	12%
Total Income	12,315	13,669	14,266	4%	16%	47,998	53,559	12%
Non Interest Expense	6,579	6,376	7,887	24%	20%	25,766	27,037	5%
Provisions	1,800	3,208	2,704	(16%)	50%	8,788	11,107	26%
Operating Income	3,936	4,086	3,675	(10%)	(7%)	13,444	15,414	15%
Taxes	919	1,298	1,033	(20%)	12%	2,761	4,720	71%
Subsidiaries & Minority Interest	282	258	342	32%	21%	1,439	1,242	(14%)
Net Income	3,299	3,046	2,984	(2%)	(10%)	12,122	11,936	(2%)
<b>Balance Sheet</b>								
Total Assets	787,916	867,924	874,908	1%	11%	787,916	874,908	11%
Performing Loans (a)	419,830	436,582	463,784	6%	10%	419,830	463,784	10%
Past Due Loans (b)	13,317	14,643	13,912	(5%)	4%	13,317	13,912	4%
Total Loans (a+b)	433,147	451,226	477,696	6%	10%	433,147	477,696	10%
Total Loans Net (d)	419,382	436,237	462,979	6%	10%	419,382	462,979	10%
Acquired Collection Rights (e)	1,918	1,545	1,518	(2%)	(21%)	1,918	1,518	(21%)
Total Loans (d+e)	421,300	437,782	464,497	6%	10%	421,300	464,497	10%
Total Liabilities	709,990	777,397	780,117	0%	10%	709,990	780,117	10%
Total Deposits	444,147	464,268	498,697	7%	12%	444,147	498,697	12%
Demand Deposits	255,297	277,663	300,282	8%	18%	255,297	300,282	18%
Time Deposits	188,850	186,604	198,414	6%	5%	188,850	198,414	5%
Equity	77,926	90,527	94,791	5%	22%	77,926	94,791	22%
<b>Financial Ratios Banking Sector</b>								
	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
<b>Profitability:</b>								
NIM (1)	4.9%	4.8%	5.3%	0.5 pp	0.4 pp	4.8%	4.9%	0.1 pp
NIM after Provisions (2)	3.9%	3.2%	4.0%	0.8 pp	0.0 pp	3.6%	3.5%	(0.1 pp)
ROE (4)	17.3%	13.7%	12.9%	(0.8 pp)	(4.4 pp)	16.4%	13.7%	(2.7 pp)
ROA (5)	1.7%	1.4%	1.4%	(0.0 pp)	(0.3 pp)	1.6%	1.4%	(0.15 pp)
<b>Operation:</b>								
Efficiency Ratio (6)	53.4%	46.6%	55.3%	8.6 pp	1.9 pp	53.7%	50.5%	(3.2 pp)
Operating Efficiency Ratio (7)	3.3%	2.9%	3.6%	0.7 pp	0.3 pp	3.3%	3.2%	(0.1 pp)
Liquidity Ratio (8)	98.8%	116.9%	104.1%	(12.8 pp)	5.2 pp	98.8%	104.1%	5.2 pp
<b>Asset Quality:</b>								
Past Due Loan Ratio	3.1%	3.2%	2.9%	(0.3 pp)	(0.2 pp)	3.1%	2.9%	(0.2 pp)
Coverage Ratio	103.4%	102.4%	105.8%	3.4 pp	2.4 pp	103.4%	105.8%	2.4 pp
Past Due Loan Ratio w/o Banorte USA	3.1%	3.3%	3.0%	(0.3 pp)	(0.2 pp)	3.1%	3.0%	(0.2 pp)
Coverage Ratio w/o Banorte USA	103.1%	102.0%	105.4%	3.4 pp	2.3 pp	103.1%	105.4%	2.3 pp
<b>Growth (8)</b>								
Performing Loans (9)	8.0%	7.1%	10.5%	3.4 pp	2.4 pp	8.0%	10.5%	2.4 pp
Core Deposits	14.5%	12.8%	13.5%	0.7 pp	(1.0 pp)	14.5%	13.5%	(1.0 pp)
Total Deposits	4.4%	5.3%	12.3%	6.9 pp	7.9 pp	4.4%	12.3%	7.9 pp
<b>Capitalization:</b>								
Net Capital/ Credit Risk Assets	20.6%	22.0%	21.7%	(0.3 pp)	1.1 pp	20.6%	21.7%	1.1 pp
Total Capitalization Ratio	15.1%	15.0%	15.3%	0.3 pp	0.1 pp	15.1%	15.3%	0.1 pp

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

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

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

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

5) Non-Interest Expenses / Total Income

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

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

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

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

- Net Interest Income

Net Interest Income-Banking Sector (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Interest Income	13,848	13,867	14,208	2%	3%	55,619	56,356	1%
Interest Expense	5,140	4,641	4,543	(2%)	(12%)	22,120	19,638	(11%)
Loan Origination Fees	429	441	1,133	157%	164%	1,564	2,237	43%
Fees Paid	84	99	86	(13%)	2%	377	365	(3%)
<b>Net Interest Income</b>	<b>9,053</b>	<b>9,567</b>	<b>10,712</b>	<b>12%</b>	<b>18%</b>	<b>34,685</b>	<b>38,589</b>	<b>11%</b>
Provisions	1,800	3,208	2,704	(16%)	50%	8,788	11,107	26%
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>7,253</b>	<b>6,359</b>	<b>8,008</b>	<b>26%</b>	<b>10%</b>	<b>25,897</b>	<b>27,482</b>	<b>6%</b>
Average Productive Assets	737,454	805,068	810,376	1%	10%	722,830	790,173	9%
<b>Net Interest Margin (1)</b>	<b>4.9%</b>	<b>4.8%</b>	<b>5.3%</b>	<b>0.5 pp</b>	<b>0.4 pp</b>	<b>4.8%</b>	<b>4.9%</b>	<b>0.1 pp</b>
<b>NIM after Provisions (2)</b>	<b>3.9%</b>	<b>3.2%</b>	<b>4.0%</b>	<b>0.8 pp</b>	<b>0.0 pp</b>	<b>3.6%</b>	<b>3.5%</b>	<b>(0.1 pp)</b>

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

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

**During 2014 Net Interest Income grew 11% YoY going from Ps 34.69 to Ps 38.59 billion**, and increased 12% YoY considering only interest income and net fees related to loan originations as a result of: i) a 10% growth in Performing Loans (highlighted by growth in the Government, Consumer and Corporate portfolios), even with the sale of the Payroll loan portfolio to Solida in 3Q14; (ii) lower cost of funds, as a result of growth in Core Deposits, mainly Demand Deposits, producing an (11%) decrease in Interest Expenses. These latter were also reduced by the 50 bps reduction in the benchmark market rate in the last 12 months, as well as the payment in August 2013 of Ixe's Perpetual Subordinated dollar Obligations issued at 9.75% and the prepayment of Preferred Subordinated Obligations for Ps 2.2 billion in April 2014, carrying a rate of TIIE + 2.0% and iii) a 43% increase in loan fees.

**During 4Q14, Net Interest Income totaled Ps 10.71 billion, a QoQ increase of 12%**, which is explained by: i) a 9% increase in Net Interest Income and loan fees mainly due to the 6% quarterly growth of the total loan portfolio, which was driven by growth in all the loan portfolios, mainly in Government, Commercial and Corporate, ii) a lower funding cost associated with the growth in deposits and iii) the 157% increase in loan fees related to Commercial and housing loans.

**The average NIM was 4.9% for 2014, +0.1 pp. vs 2013. In 4Q14, NIM was 5.3%, 0.5 pp. higher vs. 3Q14.**

- Loan Loss Provisions

**During 2014 Loan Loss Provisions totaled Ps 11.11 billion, 26% higher vs. 2013, and Ps 2.70 billion in 4Q14, a (16%) decrease vs. 3Q14.**

The annual increase is explained mainly by increased provisions for Middle-Market Companies portfolios, as a result of the loan exposures to the troubled home developers, SMEs, Payroll loans, Mortgage and Credit card portfolios as well. The quarterly decrease is mainly due to lower provisions for the Middle-Market Companies, Payroll, Mortgage, Car loan and Government portfolios, which were partially offset by provisions for the home developers exposure and the Credit card portfolio.

**The average NIM adjusted for Credit Risks was 3.5% at the end of 2014, (0.1 pp.) lower vs. 2013, and 4.0% for 4Q14, an increase of 0.8 pp. vs. 3Q14.**

## Non-Interest Income

Non Interest Income (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Services	2,042	2,106	2,454	17%	20%	7,580	8,583	13%
Recovery	25	18	21	13%	(16%)	88	49	(44%)
Trading	595	1,083	372	(66%)	(37%)	3,021	3,859	28%
Other Operating Income (Expense)	600	894	708	(21%)	18%	2,624	2,478	(6%)
<b>Non Interest Income</b>	<b>3,262</b>	<b>4,102</b>	<b>3,554</b>	<b>(13%)</b>	<b>9%</b>	<b>13,313</b>	<b>14,969</b>	<b>12%</b>

**Non-Interest Income in 2014, totaled Ps 14.97 billion**, a 12% YoY increase driven by growth in Service Fees and Trading revenues, which offset declines in Other Operating Income (Expenses) and real estate portfolio recoveries; **Non-Interest Income for 4Q14 was Ps 3.55 billion**, representing a QoQ decrease of (13%) vs. 3Q14 due to lower Trading revenues and Other Operating Income (Expenses) which were not offset by growth in Service Fees.

- Non-Interest Expenses

Non Interest Expense (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change
				QoQ	YoY			2013
Personnel	2,933	2,695	3,912	45%	33%	12,569	12,441	(1%)
Professional Fees	744	669	770	15%	4%	2,365	2,591	10%
Administrative and Promotional	1,234	1,277	1,388	9%	12%	4,230	4,995	18%
Rents, Depreciation & Amortization	729	859	889	3%	22%	2,992	3,391	13%
Taxes other than income tax & non deductible expenses	374	303	371	23%	(1%)	1,456	1,364	(6%)
Contributions to IPAB	484	474	487	3%	1%	1,831	1,887	3%
Employee Profit Sharing (PTU)	82	99	70	(30%)	(15%)	323	369	14%
<b>Non Interest Expense</b>	<b>6,579</b>	<b>6,376</b>	<b>7,887</b>	<b>24%</b>	<b>20%</b>	<b>25,766</b>	<b>27,037</b>	<b>5%</b>

**Non-Interest Expenses in 2014 totaled Ps 27.04 billion**, a 5% YoY increase driven by growth in all areas except Personnel Expenses and Other Taxes and Non-Deductible Expenses. **Non-Interest Expenses in 4Q14 totaled Ps 7.89 billion**, a 24% QoQ increase as a result of growth in all areas except Statutory Employee Profit Sharing.

**The Efficiency Ratio for 2014 was 50.5%**, (3.2 pp) lower YoY vs. 2013 due to the positive operating leverage achieved; and **55.3% for 4Q14**, an increase of 8.6 pp vs. 3Q14 due to the combination of a faster growth rate in Operating Expenses and a reduction in the quarterly Non-Interest Income.

- Net Income

Net Income for the Banking Sector in **2014 was Ps 11.94 billion**, declining by (Ps 187) million or (2%) vs. 2013. **It is important to note that Operating Income registered a 15% YoY growth**, but was affected by higher tax payments due to the implementation of the new tax regulations, which resulted in a 71% YoY tax increase.

**Net Income for the Banking Sector in 4Q14 was Ps 2.98 billion**, (Ps 62) million or (2%) lower vs. 3Q14 due to growth in Non-Interest Expenses, the decrease in trading revenues, which offset the 12% increase of Net Interest Income and the 16% decrease in Provisions.

**SOFOM Banorte-Ixe Tarjetas** continues to report positive performance, posting net profits of Ps 1.81 billion for 2014, 50% higher YoY vs. 2013, contributing 12% of the Financial Group's profits.

**ROE for 2014 of this sector was 13.7%**, (267 bp) lower vs. 2013 as a result of capital accretion, while the **quarterly ROE was 12.9%**, (0.8 pp) lower vs. 3Q13. **Accumulated ROA for 2014 was 1.4%**, decreasing (15 bp); **quarterly ROA was also 1.4%**, (4 bp) lower vs. 3Q14.

- NPL Ratio

The Banking Sector's NPL Ratio for 4Q14 **was 2.9%** (includes INB past due loans), (0.2 pp) lower YoY and (0.3 pp) lower QoQ.

## BANORTE USA

## I. Banorte USA

Income Statement– Banorte USA				Change				Change
Figures in MEX GAAP (Million Pesos)	4Q13	3Q14	4Q14	QoQ	YoY	2013	2014	2013
Income Statement								
Net Interest Income	150	160	171	7%	14%	582	651	12%
Non Interest Income	125	122	135	11%	8%	451	497	10%
Total Income	275	282	307	9%	11%	1,033	1,148	11%
Non Interest Expense	198	186	221	18%	11%	755	808	7%
Loan Loss Reserves	11	3	5	81%	(57%)	36	21	(42%)
Operating Income	66	93	81	(13%)	23%	242	319	32%
Taxes	23	32	26	(19%)	16%	79	105	32%
Net Income	44	61	55	(9%)	27%	163	214	32%

Under Generally Accepted Accounting Principles for Mexico (MEX GAAP), the **Net Income of Banorte USA** (owner of 100% of Inter National Bank as well as 100% of remittance companies Uniteller and Motran) **was Ps 214 million for 2014**, increasing by 32% YoY, mainly due to growth in Net Interest Income and Non-Interest Income as well as lower Provisions. Net Income for Banorte USA during 2014 represents 1.4% of the Financial Group's profits. Net Income for 4Q14 was Ps 55 million, (9%) lower vs. 3Q14 due to negative operating leverage in the quarter and higher provisions.

## II. Inter National Bank (US GAAP)

Income Statement & Balance Sheet Highlights - InterNational Bank				Change		2013	2014	Change
4Q13	3Q14	4Q14	QoQ	YoY	2013			
Figures in US GAAP (Millon Dollars)								
Income Statement								
Net Interest Income	12	13	13	2%	7%	47	51	7%
Non Interest Income	4	4	4	(10%)	(1%)	20	17	(15%)
Total Income	16	17	16	(1%)	5%	67	67	1%
Non Interest Expense	12	10	11	11%	(6%)	48	44	(8%)
Loan Loss Reserves	0	1	1	153%	236%	-	2	2023%
Operating Income	3	6	4	(36%)	15%	18	20	11%
Net Income	2	4	3	(26%)	24%	12	14	12%
Balance Sheet								
Investments in Securities	658	509	520	2%	(21%)	658	520	(21%)
Performing Loans	777	854	904	6%	16%	777	904	16%
Past Due Loans	7	8	6	(21%)	(14%)	7	6	(14%)
Demand Deposits	835	806	858	6%	3%	835	858	3%
Time Deposits	607	592	588	(1%)	(3%)	607	588	(3%)
Total Deposits	1,442	1,398	1,446	3%	0%	1,442	1,446	0%
Equity	406	426	432	1%	6%	406	432	6%

Financial Ratios INB	4Q13	3Q14	4Q14	Change		2013	2014	Change
<i>Figures in US GAAP (Million Dollars)</i>				QoQ	YoY			2013
<b>Profitability:</b>								
NIM	3.3%	3.4%	<b>3.4%</b>	0.1	0.1	2.9%	<b>3.4%</b>	0.4
ROE	2.2%	3.6%	<b>2.6%</b>	(1.0)	0.4	3.0%	<b>3.3%</b>	0.3
ROA	0.5%	0.8%	<b>0.6%</b>	(0.2)	0.1	0.6%	<b>0.7%</b>	0.1
<b>Operational:</b>								
Efficiency Ratio	76.4%	61.5%	<b>68.7%</b>	7.3	(7.7)	72.5%	<b>66.2%</b>	(6.4)
<b>Asset Quality:</b>								
Past Due Loan Ratio	0.9%	0.9%	<b>0.7%</b>	(0.2)	(0.2)	0.9%	<b>0.7%</b>	(0.2)
Coverage Ratio	214.2%	201.7%	<b>278.6%</b>	76.9	64.4	214.2%	<b>278.6%</b>	64.4
<b>Capitalization:</b>								
Leverage Ratio	12.9%	13.4%	<b>13.9%</b>	0.5	1.0	12.9%	<b>13.9%</b>	1.0
Capitalization Ratio	23.9%	23.7%	<b>22.9%</b>	(0.8)	(1.0)	23.9%	<b>22.9%</b>	(1.0)

Under Generally Accepted Accounting Principles of the United States (US GAAP), Inter National Bank (INB) posted net profits for **US \$14 million in 2014, a 12% YoY increase** mainly due to higher NII from significant loan growth, and lower Operating Expenses. **Net Income for 4Q14 amounted US \$3 million, (26%) lower vs. 3Q14** due to negative operating leverage.

INB has an investment portfolio of US \$520 million mainly consisting of mortgage-backed securities, which decreased US \$137 million or (21%) YoY, and it increased US \$12 million or 2% QoQ. The underlying mortgages are rated AAA with an implicit guarantee from the US government. The portfolio posted unrealized valuation losses in 4Q14 of US (\$7) million and its weighted average life is 4.6 years.

**Total Deposits amounted to US \$1.45 billion**, increasing by US \$4 million YoY and US \$48 million or 3% QoQ. **Performing Loans totaled US \$904 million**, increasing by US \$127 million or 16% YoY and US \$50 million, or 6% QoQ. **Past Due Loans posted US \$6 million**, registering reductions of US (\$1) million or (14%) YoY and US (\$2) million or (21%) QoQ.

Capitalization and Leverage Ratios remain robust. **The Capitalization Ratio ended in 4Q14 at 22.9% and the Leverage Ratio was 13.9%. The Past Due Loan ratio was 0.7%**, a (0.2 pp) decrease YoY and QoQ; the Coverage ratio was 278.6%, increasing 64.4 pp YoY and 76.9 pp QoQ.

**Accumulated 2014 ROE was 3.3%**, 0.3 pp higher YoY; ROE for 4Q14 was 2.6%, increasing 0.4 pp YoY and decreasing (1.0 pp) QoQ. **Accumulated ROA for 2014 was 0.7%**, 0.1 pp higher YoY, and ROA for 4Q14 was 0.6%, decreasing (0.2 pp) QoQ and increasing 0.1 pp YoY. **The Efficiency Ratio was 66.2% for 2014**, (6.4 pp) lower YoY, for 4Q14 was 68.7%, +7.3 pp QoQ, and (7.7 pp) YoY. **NIM for 2014** was 3.4%, increasing 0.4 pp YoY; similarly, NIM in 4Q14 was 3.4%, +0.1 pp QoQ and YoY.



## III. UniTeller Financial Services (US GAAP)

Income Statement and Transactions Highlights <i>UniTeller Financial Services</i>			Change					Change
	4Q13	3Q14	4Q14			2013	2014	
<i>Figures in US GAAP (Thousand Dollars)</i>				QoQ	YoY			2013
<b>Profitability:</b>								
Revenues	5,956	7,326	<b>7,393</b>	1%	24%	20,308	<b>27,886</b>	37%
Cost of Sales	3,790	4,697	<b>4,223</b>	(10%)	11%	13,107	<b>17,495</b>	33%
Margin	2,166	2,629	<b>3,170</b>	21%	46%	7,201	<b>10,391</b>	44%
Expenses	1,699	1,825	<b>2,115</b>	16%	24%	6,029	<b>7,271</b>	21%
Income before Taxes	467	804	<b>1,055</b>	31%	126%	1172	<b>3119</b>	166%
Net Income	235	533	<b>505</b>	(5%)	114%	692	<b>1893</b>	173%
<b>Transactions</b>								
# of created transactions (thousand)	1,525	2,133	<b>2,176</b>	2%	43%	4,909	<b>8,092</b>	65%

UniTeller Financial Services and subsidiaries (UFS) recorded accumulated profits of US \$1.89 billion in 2014, comparing favorably to the profits of US \$692 thousand for the same period of the previous year, mainly due to more transactions.

At the end of 2014 transactions showed a 65% YoY growth, resulting mainly from the expansion of the processing business, including more services to other institutions.

## IV. Solida USA

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

Assets under management by Solida USA as of 4Q14 are as follows:

Solida Mexico (Foreclosed Assets):	US \$ 17 million
Banorte (Foreclosed Loans and Assets):	US \$ 72 million
INB (Classified Assets and Mortgage Portfolio):	US \$ 14 million
Total:	US \$103 million

As a result of the adequate asset management, **INB's Tier 1 Classified Assets Ratio at the close of 4Q14 was 5.8%**, within the acceptable parameters of the regulator in the United States.

## RECOVERY BANKING

Income Statement Highlights - Recovery Banking	2013	2014	Change
(Million Pesos)			2013
Net Interest Income	25	17	(32%)
Loan Loss Provisions	6	(3)	(147%)
Non Interest Income	1,944	1,687	(13%)
Non Interest Expense	853	957	12%
Pre-tax Income & Subsidiaries	1,110	750	(32%)
Income Tax and Profit Sharing	315	177	(44%)
<b>Net Income</b>	<b>794</b>	<b>573</b>	<b>(28%)</b>

Assets Under Management	4Q14	ACCOUNTING IN THE BALANCE SHEET	ACCOUNTING IN THE INCOME STATEMENT
(Million Pesos)			
<b>Banking Sector Portfolio- Banorte:</b>	<b>66,076</b>	Banorte's Portfolio and Reposessed Assets	Net Interest Income and Other Revenues and Expenses
<b>Loans purchased and managed:</b>	<b>29,865</b>	Solida Asset Management and Banorte	Non Interest Income and Other Revenues and Expenses (Sólida / Banorte)
<b>Investment Projects:</b>	<b>6,240</b>	Solida Asset Management and Banorte	Non Interest Income
<b>Total</b>	<b>102,181</b>		

- **Net Income**

Recovery Banking posted profits of Ps 573 million in 2014, (28%) lower than the same period in 2013, driven by lower Non Interest Income as a result of a significant recovery registered in 1Q13, , additionally, Net Income was affected by a higher level of Non Interest Expenses. Recovery Bank's Net Income represents 3.8% of the Group's profits.

- **Assets Under Management**

The Recovery Bank managed total assets of Ps 66.1 billion at the end of the 4Q14, of which 22% corresponds to Crediactivo, 21% to mortgage loans, 16% to credit cards, 13% to payroll loans, 9% to middle market companies, 9% to foreclosed assets, 6% to car loans, 2% to commercial, 1% to personal loans and 1% to affiliates. Gross revenues generated by the portfolio during 2014 amounted to Ps 935 million, (5%) lower YoY.

At the end of 4Q14, of the Ps 29.9 billion in portfolios acquired and managed by the Recovery Bank, 36% are mortgages, 21% to the portfolio managed on behalf of the Mexican mortgages agency SHF, 21% to middle market companies and commercial loans, 12% to real estate portfolios and 10% to foreclosed assets and payments in kind. These portfolios generated gross revenues in 2014 of Ps 862 million, (34%) lower YoY.

## BROKERAGE

Brokerage Sector (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
<b>Brokerage</b>								
Net Income	154	297	175	(41%)	13%	649	931	43%
Shareholder's Equity	2,569	2,540	2,799	10%	9%	2,569	2,799	9%
Assets Under Custody	647,996	778,344	732,713	(6%)	13%	647,996	732,713	13%
Total Assets	116,576	65,574	102,373	56%	(12%)	116,576	102,373	(12%)
ROE	25.0%	42.7%	26.3%	(16.5 pp)	1.2 pp	25.1%	34.0%	8.9 pp
<b>Net Capital</b>								
Net Capital (1)	2,053	2,132	2,353	10%	15%	2,053	2,353	15%

1) Net capital structure: Tier 1 =Ps 2.35 billion, Tier 2 = Ps 0 million.

- Net Income**

The Brokerage Sector (Casa de Bolsa Banorte Ixe y Operadora de Fondos Banorte-Ixe) reported profits of Ps 931 million in 2014, 43% higher than in the same period of the previous year. Growth was driven by a higher NII, higher trading revenues and lower Non Interest Expenses, which offset higher tax payments. The Brokerage Sector's Net Income for 2014 represented 6% of the Financial Group's profits.

Net Income in 4Q14 totaled Ps 175 million, (41%) lower vs. 3Q14, due to reduced trading revenues and growth in Non Interest Expenses, items that didn't offset the increase in NII.

- Mutual Funds**

Operadora de Fondos Banorte Ixe reported profits of Ps 94 million in 2014, an 8% increase vs. the same period of the previous year due to greater fees resulting from growth in assets under management. Quarterly profits totaled Ps 15 million, (50%) lower QoQ vs. 3Q14.

At the end of 4Q14, assets managed by Banorte-Ixe's mutual funds amounted to Ps 144.2 billion, an annual growth of 29%. Assets held in fixed income funds totaled Ps 125.8 billion, a 28% increase YoY, while equity funds held assets of Ps 18.3 billion, with an annual increase of 39%. At the end of December, Banorte-Ixe had a 7.8% share of the mutual fund market, comprised of 9.1% in fixed income funds and 4.1% in equity funds.

- Assets Under Management**

At the end of 4Q14, AUM totaled Ps 732.7 billion, increasing 13% YoY and decreasing (6%) QoQ.

## LONG TERM SAVINGS

LONG TERM SAVINGS (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
<b>Afore (1)</b>								
Net Income (a)	539	495	655	32%	21%	2,301	2,408	5%
Shareholder's Equity	24,374	23,928	23,982	0%	(2%)	24,374	23,982	(2%)
Total Assets	25,402	25,245	25,282	0%	(0%)	25,402	25,282	(0%)
AUM (SIEFORE)*	541,545	589,723	605,816	3%	12%	541,545	605,816	12%
ROE	8.9%	8.4%	10.9%	2.6 pp	2.0 pp	11.5%	10.0%	(1.5 pp)
<b>Insurance- Seguros Banorte</b>								
Total Operating Income	652	783	960	23%	47%	2,334	3,387	45%
Non Interest Expense	199	190	248	30%	25%	795	845	6%
Operating Income	453	593	711	20%	57%	1,539	2,543	65%
Taxes	113	202	199	(2%)	77%	436	781	79%
Subsidiaries & Minority Interest	(3)	(0)	(2)	659%	(38%)	(6)	(3)	(45%)
Net Income	338	390	511	31%	51%	1,097	1,759	60%
Shareholder's Equity	3,854	4,554	5,094	12%	32%	3,854	5,094	32%
Total Assets	18,470	21,860	24,153	10%	31%	18,470	24,153	31%
Technical Reserves	11,264	12,690	13,629	7%	21%	11,264	13,629	21%
Premiums sold	3,303	2,768	4,583	66%	39%	13,497	17,100	27%
Coverage ratio of technical reserves	1.3	1.3	1.3	0.0 pp	0.0 pp	1.3	1.3	0.0 pp
Capital coverage ratio of minimum guarantee	1.7	1.9	2.0	0.1 pp	0.3 pp	1.7	2.0	0.3 pp
Coverage ratio of minimum capital	39.9	52.0	58.1	6.1 pp	18.2 pp	39.9	58.1	18.2 pp
ROE	36.9%	33.9%	42.6%	8.7 pp	5.7 pp	32.5%	39.2%	6.7 pp
<b>Annuities</b>								
Total Operating Income	157	183	185	1%	18%	510	680	33%
Non Interest Expense	66	69	77	13%	18%	261	280	7%
Operating Income	91	114	108	(6%)	18%	250	401	60%
Taxes	28	37	35	(4%)	25%	78	128	65%
Subsidiaries & Minority Interest	3	0	2	659%	(36%)	6	3	(46%)
Net Income	65	78	74	(4%)	14%	178	276	55%
Shareholder's Equity	1,250	1,451	1,375	(5%)	10%	1,250	1,375	10%
Total Assets	52,524	59,212	61,729	4%	18%	52,524	61,729	18%
Technical Reserves	50,943	57,311	59,879	4%	18%	50,943	59,879	18%
Premiums sold	1,736	2,227	2,021	(9%)	16%	8,864	8,048	(9%)
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	8.2	10.2	9.7	(0.1 pp)	0.2 pp	8.2	9.7	1.5 pp
ROE	20.6%	22.0%	21.0%	(1.0 pp)	0.4 pp	14.4%	20.4%	6.0 pp

1. In January 2012 the merger of Afore XXI and Afore Banorte was completed, therefore Afore XXI Banorte was created, which presents its results in Banco Mercantil del Norte through the equity participation method. As of January 2013, the acquisition of Afore Bancomer was completed, presenting the results since then

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

- **Afore XXI Banorte**

**Afore XXI Banorte posted net profits of Ps 2.41 billion for 2014**, 5% higher vs. the same period of last year due to higher revenues and valuation gains in its investment portfolios, which offset higher Operating Expenses and taxes. **Quarterly profits totaled Ps 655 million**, an increase of 32% QoQ, as a result of a positive operating leverage as well as valuation gains from its investment portfolio.

**ROE for Afore XXI Banorte at the end of 2014 was 10%**, (1.5 pp) lower vs. the same period of the previous year; when excluding goodwill, **ROE would be 32.7%**. ROE for 4Q14 was 10.9%, + 2.6 pp QoQ. Afore XXI Banorte contributed 8% of the Financial Group's profits for 2014.

Assets under management as of December 2014 totaled Ps 605.8 billion, an increase of 3% vs. September 2014 and 12% vs. December 2013.

According to CONSAR, to November 2014, Afore XXI Banorte had a 25.7% share in managed funds, ranking 1<sup>st</sup> in the market, with 11.33 million accounts (this number does not include 6.0 million accounts managed by Afore XXI with resources deposited in Banco de Mexico), which represent a 24.5% share of the total number of accounts in the system, making it the market leader.

- **Seguros Banorte**

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

**In 2014, Seguros Banorte reported profits of Ps 1.76 billion**, 60% higher YoY due to a significant growth in NII, which offset higher Non-Interest Expenses and taxes. Seguros Banorte's net income represented 12% of the Financial Group's profits for 2014.

**Quarterly earnings totaled Ps 511 million**, an increase of 31% QoQ, due to growth in the Net Interest Income, offsetting growth in Operating Expenses.

**Written premiums increased 27% YoY totaling Ps 17.10 billion. Technical Reserves totaled Ps 13.63 billion**, increasing 21% YoY and 7% QoQ.

**ROE for the insurance company was 39.2% at the end of 2014**, 6.67 pp higher YoY, while ROE for 4Q14 was 42.6%, increasing 8.7 pp QoQ.

Regarding the disclosure requested by the General Provisions applicable to Financial Groups' controlling 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 4Q14 that involved any technical risk.*
- ii. Transfer of risks through reinsurance and bonding contracts
  - *In the P&C book two important government contracts and one in the tourism sector were ceded to reinsurers, by which 100% of the risk was transferred to prominent foreign reinsurance companies.*
- iii. Contingencies arising from non-fulfillment by reinsurers and bonding companies.
  - *There were no relevant events in 4Q14.*

- **Pensiones Banorte**

**During 2014, Pensiones Banorte reported profits of Ps 276 million**, increasing by Ps 98 million or 55% vs. 2013 due to growth in NII, which offset lower trading revenues and higher operating expenses and taxes. Net income for Pensiones Banorte for 2014 represented 2% of the Financial Group's profits. **Quarterly earnings totaled Ps 74 million**, decreasing (4%) vs. 3Q14 due to higher non-interest expenses and reduced NII, which could not be offset by growth in trading revenues.

**ROE was 20.4% at the end of 2014**, 6.0 pp higher vs. 2013. In **4Q14 ROE was 21.0%**, declining by (1.0 pp) QoQ.

## OTHER FINANCE COMPANIES

Other Finance Companies (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
<b>Leasing and Factoring</b>								
Net Income	174	161	<b>209</b>	29%	20%	599	<b>700</b>	17%
Shareholder's Equity	3,209	3,702	<b>3,735</b>	1%	16%	3,209	<b>3,735</b>	16%
Loan Portfolio (1)	19,732	20,782	<b>21,237</b>	2%	8%	19,732	<b>21,237</b>	8%
Past Due Loans	210	168	<b>181</b>	8%	(14%)	210	<b>181</b>	(14%)
Loan Loss Reserves	312	311	<b>309</b>	(1%)	(1%)	312	<b>309</b>	(1%)
Total Assets	20,173	21,094	<b>21,623</b>	3%	7%	20,173	<b>21,623</b>	7%
ROE	22.3%	17.8%	<b>22.5%</b>	4.7 pp	0.1 pp	20.3%	<b>20.0%</b>	(0.3 pp)
<b>Warehousing</b>								
Net Income	3	8	<b>22</b>	188%	734%	43	<b>45</b>	6%
Shareholder's Equity	271	295	<b>218</b>	(26%)	(20%)	271	<b>218</b>	(20%)
Inventories	477	459	<b>922</b>	101%	93%	477	<b>922</b>	93%
Total Assets	711	687	<b>1,127</b>	64%	58%	711	<b>1,127</b>	58%
ROE	3.9%	10.5%	<b>34.2%</b>	23.8 pp	30.3 pp	15.9%	<b>16.6%</b>	0.7 pp

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

- Leasing and Factoring**

In 2014 Arrendadora y Factor Banorte reported profits amounting to Ps 700 million, increasing 17% YoY mainly due to the increase in Net Interest Income driven by the growth in the portfolio, lower funding costs, provisions and Operating Expenses. The Leasing and Factoring Company contributed 4.6% of the Financial Group's profits in 2014.

Quarterly earnings totaled Ps 209 million, a 29% increase vs. 3Q14 mainly as a result of a greater Net Interest Income and reduced provisions derived from the collection to clients in past due loan.

ROE for the Leasing and Factoring company was 20.0% at the end of December 2014, (0.3 pp) lower YoY; while the ROE for 4Q14 was 22.5%, higher by 0.1 pp vs. 4Q13 and 4.7 pp vs. 3Q14.

At the end of 4Q14, the Past Due Loan Ratio was 0.9%, remaining the same as in 3Q14 and (0.3 pp) lower vs. 4Q13; on the other hand, the Coverage ratio was 170.5%, 22 pp higher vs. 4Q13 and (15 pp) lower vs. 3Q14. The Capitalization ratio estimated as of December was 15.95% considering total risk-weighted assets of Ps 23.34 billion.

Arrendadora y Factor Banorte continue to be the market leader in terms of portfolio size and assets among the 47 companies in this sector, according to the Asociación Mexicana de Sociedades Financieras de Arrendamiento, Crédito y Factoraje, A.C. - AMSOFAC.

- Warehouse**

Warehouse posted profits of Ps 45 million in 2014, Ps 2 million more than last year mainly due to growth in Other Operating Income, which offset the decline in the Net Interest Income. Almacenadora Banorte contributed 0.3% of the Financial Group's profits in 2014.

Quarterly earnings totaled Ps 22 million, Ps 14 million higher vs. 3Q14.

ROE for 2014 was 16.6%, 0.7 pp higher YoY. ROE for 4Q14 was 34.2%, 23.8 pp vs. 3Q14.

In 4Q14 the Capitalization Ratio was 19.7%, considering total certificates at risk in circulation for Ps 3.35 billion. Almacenadora Banorte ranks third among the 18 warehouses of this sector in terms of generated profits.

## OTHER COMPANIES

Other Companies (Million Pesos)	4Q13	3Q14	4Q14	Change		2013	2014	Change 2013
				QoQ	YoY			
<b>Sólida Administradora de Portafolios (former Ixe Soluciones)</b>								
Net Income	(266)	41	<b>(70)</b>	(272%)	(74%)	(22)	<b>(178)</b>	705%
Shareholder's Equity	2,310	4,007	<b>3,946</b>	(2%)	71%	2,310	<b>3,946</b>	71%
Loan Portfolio	494	4,259	<b>3,926</b>	(8%)	695%	494	<b>3,926</b>	695%
Past Due Loans	196	196	<b>213</b>	8%	8%	196	<b>213</b>	8%
Loan Loss Reserves	213	250	<b>260</b>	4%	22%	213	<b>260</b>	22%
Total Assets	14,010	17,409	<b>16,843</b>	(3%)	20%	14,010	<b>16,843</b>	20%
<b>Ixe Servicios</b>								
Net Income	0.6	1.1	<b>0.0</b>	(99%)	(99%)	1.4	<b>1.5</b>	14%
Shareholder's Equity	24	25	<b>145</b>	473%	510%	24	<b>145</b>	510%
Total Assets	32	132	<b>147</b>	11%	357%	32	<b>147</b>	357%
ROE	10.7%	17.3%	<b>0.0%</b>	(17.2 pp)	(10.7 pp)	5.9%	<b>3.2%</b>	(2.7 pp)

- Sólida Administradora de Portafolios**

During 2014, Solida Administradora de Portafolios reported a loss of (Ps 178) million, an annual variation of (Ps 156) million, because of lower revenues from fees from investment projects. **In 4Q14 Solida Administradora de Portafolios reported a loss of (Ps 70) million**, (Ps 111) million less than that registered in 3Q14. This was mainly due to the increase in expenses related to the acquisition of property (notaries, property taxes, etc.), as well as expenses for transfer of domain and certification of liens, among others which was not offset by growth in NII from the acquisition of Banco Mercantil del Norte's Performing Payroll loan portfolio in 3Q14.

**The Past Due Loan Ratio was 5.4% at the end of 4Q14. The Coverage ratio was 123%**, comparing favorably to the 109% of 4Q13 and unfavorably to the 128% of 3Q14. **The estimated Capitalization ratio at the end of 4Q14 was 16.2%**, 0.4 pp higher vs. 3Q14 and 4.4 pp higher vs. 4Q13 (due to the increase in equity in 3Q14).



## RATINGS

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

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

## INFRASTRUCTURE

INFRASTRUCTURE	4Q13	3Q14	4Q14
<b>Employees (1)</b>	27,474	27,555	<b>27,898</b>
<b>Branches (2)</b>	1,288	1,267	<b>1,269</b>
INB	20	20	20
<b>ATM's</b>	7,035	7,167	<b>7,297</b>
<b>POS's</b>	141,432	155,929	<b>162,352</b>

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

- At the end of 4Q14, there were 1,269 **branches**, two more comparing to 3Q14. The number of branches decreased by 19 over the past 12 months, a (1%) YoY decrease due to the efficiency program implemented. Total branches include 159 Ixe Banco branches dedicated mainly to the "Preferred" banking segment.
- Over the past 12 months 262 **Automatic Teller Machines** were enabled, a 4% YoY growth, expanding the network to 7,297 ATM's at the close of 4Q14, including 187 ATMs of the Ixe network.
- 20,920 **Point of Sale Terminals** (POS) were enabled during the year, a 15% YoY growth, bringing the number of installed POS to 162,352 at the end of December, of which 28,413 correspond to the Ixe network.
- At the end of 4Q14, there were 5,336 contact points through third party **correspondent agreements** with 7-Eleven (1,867), Telecomm-Telegrafos (1,612), Tiendas Extra (1,112), Soriana (634), Grupo Control with the "Del Sol" and "Woolworth" (77) and NetPay (34) brands.
- **SME Centers.** At the end of December 2014 there were 16 operating offices specializing in this segment, remaining unchanged vs. December 2013.

## GFNORTE'S ANALYST COVERAGE

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

TICKER: GFNORTEO

BROKER	ANALYST	RECOMMENDATION	DATE
Barclays	Cristina Marzea	Buy	13-oct-14
BBVA	Ernesto Gabilondo	Buy	13-jan-15
Bradesco	Carlos Firetti	Buy	31-oct-14
Brasil Plural	Eduardo Nishio	Buy	21-jan-15
BTG Pactual	Eduardo Rosman	Buy	22-jan-15
Burkernroad	Lourdes Palma	Buy	31-jul-13
BX+	Andrés Audiffred	Buy	03-dec-14
Citi	Daniel Abut	Buy	02-dec-14
Deutsche Bank	Tito Labarta	Buy	22-jan-15
Finamex	Rodrigo Ledesma	Buy	20-nov-14
HSBC	Carlos Gomez	Buy	20-nov-14
Interacciones	Enrique Mendoza	Buy	21-jan-15
Invex	Ana Sepulveda	Buy	24-oct-14
Itaú BBA	Regina Sanchez	Buy	19-jan-15
JP Morgan	Saul Martinez	Buy	20-jan-15
Scotiabank	Claudia Benavente	Buy	19-jan-15
UBS	Philip Finch	Buy	18-jan-15
Vector	Rafael Escobar	Buy	02-dec-14
Actinver	Martín Lara	Hold	07-oct-14
Credit Suisse	Marcello Telles	Hold	21-jan-15
GBM	Lilian Ochoa	Hold	22-jan-15
Goldman Sachs	Carlos Macedo	Hold	20-jan-15
Intercam	Sofía Robles	Hold	02-dec-14
Monex	Valeria Romo	Hold	14-aug-14
Morgan Stanley	Jorge Kuri	Hold	14-jan-15
Nau	Iñigo Vega	Hold	19-jan-15
Nomura	Daragh Quinn	Hold	20-oct-14
Santander	Boris Molina	Hold	08-jan-15
BOFA - Merrill Lynch	José Barria	Sell	09-dec-14

#### GRUPO FINANCIERO – GENERAL INFORMATION

GFNorte Ownership of Subsidiaries	4Q14
Banco Mercantil del Norte, S.A. (1)	98.22%
Banorte USA (2)	100.00%
Afore XXI Banorte (2)	50.00%
Arrendadora y Factor Banorte, S.A. de C.V., SOFOM	99.99%
Almacenadora Banorte, S.A. de C.V.	99.99%
Pensiones Banorte, S.A. de C.V. (3)	99.99%
Seguros Banorte, S.A. de C.V. (3)	99.99%
Casa de Bolsa Banorte Ixe, S.A. de C.V.	99.99%
Operadora de Fondos Banorte Ixe, S.A. de C.V.	99.99%
Ixe Servicios, S.A. de C.V.	99.99%
Sólida Administradora de Portafolios, S.A. de C.V. SOFOM	98.83%

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

Holding Company Capital Structure	
Number of Shares (Million)	SERIE O
	As of December '14
Number of Issued Shares	2,773.73
Number of Shares Outstanding	2,769.34
Shares held in the bank's Treasury	4.39

- Amount of outstanding shares since the Public Offering carried out in July, 2013 and authorized by the Shareholders' Assembly are: 2,773.73 million.

The Board of Directors for the fiscal year 2014 which was appointed and approved during the Annual General Shareholders' Meeting held on April 25, 2014.

Grupo Financiero Banorte Board of Directors	
PROPRIETARY MEMBERS	
Guillermo Ortiz Martinez <sup>(1)</sup>	Chairman of the Board Related
Carlos Hank Gonzalez <sup>(2)*</sup>	
Vacant**	
Juan Antonio Gonzalez Moreno	Patrimonial
David Villareal Montemayor	Patrimonial
Miguel Aleman Magnani	Independent
Patricia Armendariz Guerra	Independent
Herminio Blanco Mendoza	Independent
Juan Carlos Braniff Hierro	Independent
Alejandro Burillo Azcarraga	Independent
Alfredo Elias Ayub	Independent
Everardo Elizondo Almaguer	Independent
Armando Garza Sada	Independent
Hector Reyes Retana y Dahl	Independent
Adrian Sada Cueva	Independent
ALTERNATE MEMBERS	
Jesus O. Garza Martinez	Related
Jose Marcos Ramirez Miguel	Related
Graciela Gonzalez Moreno*	Patrimonial
Juan Antonio Gonzalez Marcos	Patrimonial
Jose Maria Garza Treviño	Independent
Lorenzo Lazo Margain	Independent
Roberto Kelleher Vales	Independent
Manuel Aznar Nicolin	Independent
Guillermo Mascareñas Milmo	Independent
Alejandro Orvañanos Alatorre	Independent
Isaac Becker Kabacnik	Independent
Alberto Halabe Hamui	Independent
Ramon A. Leal Chapa	Independent
Vacant	Independent
Eduardo Livas Cantu	Independent

(1) Guillermo Ortiz Martinez was Chairman and Member of GFNorte's Board of Directors until December 31, 2014.

(2) Carlos Hank Gonzalez is Chairman of the Board of Directors as of January 1, 2015.

\*Modifications to the Board of Directors approved on the Ordinary General Shareholders' Meeting held last October 22, 2014.

\*\* Position previously held by Alejandro Valenzuela del Rio, who resigned on November 20, 2014.

Group's Main Officers 4Q14	
NAME	CURRENT POSITION
Marcos Ramirez Miguel	Chief Executive Officer, Grupo Financiero Banorte
<b>BUSINESS UNITS</b>	
Armando Rodal Espinosa	Managing Director – Wholesale Banking
Carlos Eduardo Martinez Gonzalez	Managing Director – Retail Banking
Fernando Solis Soberon	Managing Director – Long Term Savings
<b>STAFF</b>	
Rafael Arana de la Garza	Chief Operating Officer (COO and CFO)
David Aaron Margolin Schabes	Chief Risk Officer
Isaias Velazquez Gonzalez	Managing Director - Internal Audit
Sergio Garcia Robles Gil	Managing Director – Corporate Affairs
Luis Fernando Orozco Mancera	Chief Credit Officer (CCO)



## HOLDING

Income Statement-Holding (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
Income Subsidiaries	3,248	3,409	3,310	3,694	3,646	3,780	3,968	3,852	13,661	15,246
Interest Income	16	34	434	(2)	44	22	20	7	481	93
Interest Expense	35	155	35	2	-	-	-	-	228	-
Fees & Tariffs	-	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Trading Income	(29)	-	-	-	-	-	-	-	(29)	-
Other Operating Income (Expense)	-	-	-	-	1	0	-	-	-	1
Non Interest Expense	49	25	27	30	27	28	27	31	132	113
<b>Pre-Tax Income</b>	<b>3,151</b>	<b>3,263</b>	<b>3,681</b>	<b>3,659</b>	<b>3,664</b>	<b>3,774</b>	<b>3,960</b>	<b>3,827</b>	<b>13,753</b>	<b>15,226</b>
Income Tax	-	-	-	-	-	-	-	-	-	-
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(1)	1	(1)	(1)	0	(0)	(118)	(9)	(1)	(127)
<b>Taxes</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>	<b>(118)</b>	<b>(9)</b>	<b>(1)</b>	<b>(127)</b>
<b>Net Income from Continuous Operations</b>	<b>3,152</b>	<b>3,262</b>	<b>3,682</b>	<b>3,660</b>	<b>3,664</b>	<b>3,774</b>	<b>4,078</b>	<b>3,837</b>	<b>13,754</b>	<b>15,354</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>3,152</b>	<b>3,262</b>	<b>3,682</b>	<b>3,660</b>	<b>3,664</b>	<b>3,774</b>	<b>4,078</b>	<b>3,837</b>	<b>13,754</b>	<b>15,354</b>

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

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

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

## GRUPO FINANCIERO BANORTE

Income Statement -GFNorte (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
Interest Income	17,297	16,876	17,472	17,783	17,835	16,985	17,009	18,511	69,428	70,341
Interest Expense	8,091	7,856	7,768	7,363	7,213	7,256	6,428	6,597	31,079	27,494
Charged Fees	328	495	311	429	338	325	441	1,134	1,564	2,238
Fees Paid	83	125	86	84	85	95	100	88	377	367
<b>Net Interest Income from interest &amp; fees (NII)</b>	<b>9,451</b>	<b>9,390</b>	<b>9,930</b>	<b>10,765</b>	<b>10,875</b>	<b>9,960</b>	<b>10,923</b>	<b>12,960</b>	<b>39,535</b>	<b>44,718</b>
Premium Income (Net)	4,971	4,857	4,053	4,145	4,971	3,914	4,507	5,301	18,026	18,693
Net Increase in Technical Reserves	3,033	2,516	1,740	2,397	3,109	1,021	2,119	3,406	9,686	9,655
Damages, Claims and Other Obligations	2,235	2,376	2,447	2,081	2,385	2,425	2,436	2,412	9,138	9,659
<b>Net Interest Income (NII)</b>	<b>9,155</b>	<b>9,355</b>	<b>9,796</b>	<b>10,432</b>	<b>10,352</b>	<b>10,428</b>	<b>10,875</b>	<b>12,441</b>	<b>38,738</b>	<b>44,096</b>
Preventive Provisions for Loan Losses	2,073	3,132	1,903	1,833	2,380	2,851	3,253	2,712	8,942	11,196
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>7,082</b>	<b>6,223</b>	<b>7,892</b>	<b>8,599</b>	<b>7,972</b>	<b>7,577</b>	<b>7,622</b>	<b>9,729</b>	<b>29,796</b>	<b>32,900</b>
Fees for Commercial and Mortgage Loans	2	2	5	3	3	2	2	2	11	9
Fund Transfers	119	128	131	155	146	158	161	173	533	637
Account Management Fees	313	334	348	375	351	374	378	397	1,371	1,499
Fiduciary	78	100	90	95	82	101	83	96	362	362
Other Fees	752	627	611	632	635	594	660	958	2,622	2,847
Income from Real Estate Portfolios	238	303	126	145	40	57	51	39	811	187
Electronic Banking Services	885	961	1,011	1,076	1,034	1,085	1,126	1,242	3,934	4,486
For Consumer and Credit Card Loans	510	574	592	685	676	667	705	744	2,361	2,792
<b>Fees Charged on Services</b>	<b>2,897</b>	<b>3,029</b>	<b>2,914</b>	<b>3,167</b>	<b>2,967</b>	<b>3,037</b>	<b>3,167</b>	<b>3,649</b>	<b>12,006</b>	<b>12,820</b>
Fund transfers	15	13	10	11	13	13	8	11	50	45
Other Fees	935	858	958	1,116	972	990	1,075	1,185	3,867	4,222
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>951</b>	<b>871</b>	<b>968</b>	<b>1,127</b>	<b>986</b>	<b>1,003</b>	<b>1,083</b>	<b>1,196</b>	<b>3,917</b>	<b>4,268</b>
Foreign Exchange	451	(91)	208	317	343	280	226	236	885	1,085
Securities-Realized Gains	688	1,049	659	330	481	677	823	340	2,726	2,322
Securities-Unrealized Gains	452	(189)	(389)	(70)	292	606	317	(202)	(197)	1,013
<b>Trading Income</b>	<b>1,590</b>	<b>769</b>	<b>478</b>	<b>577</b>	<b>1,116</b>	<b>1,563</b>	<b>1,366</b>	<b>375</b>	<b>3,414</b>	<b>4,420</b>
Loan Recoveries	276	488	274	346	241	225	226	264	1,384	956
Income from foreclosed assets	(50)	(46)	(51)	2	(100)	(68)	(16)	55	(145)	(130)
Other Operating Income	67	3	26	39	129	116	76	102	135	424
Other Operating Expense	(58)	(39)	(57)	(70)	(77)	(16)	(48)	(87)	(223)	(229)
Other Products	448	716	1,084	740	761	712	1,458	490	2,988	3,421
Other Recoveries	812	201	188	111	318	193	277	429	1,312	1,217
Other Operating Expense	(552)	(530)	(880)	(950)	(781)	(669)	(1,072)	(538)	(2,912)	(3,060)
Other Operating Income (Expense) from Insurance and Annuities	172	197	170	146	183	150	155	173	685	660
<b>Total Other Operating Income (Expense)</b>	<b>1,116</b>	<b>990</b>	<b>754</b>	<b>364</b>	<b>673</b>	<b>643</b>	<b>1,057</b>	<b>887</b>	<b>3,223</b>	<b>3,260</b>
<b>Total Non Interest Income</b>	<b>4,653</b>	<b>3,916</b>	<b>3,177</b>	<b>2,981</b>	<b>3,770</b>	<b>4,241</b>	<b>4,506</b>	<b>3,715</b>	<b>14,727</b>	<b>16,233</b>
<b>Total Operating Income</b>	<b>11,734</b>	<b>10,139</b>	<b>11,070</b>	<b>11,580</b>	<b>11,742</b>	<b>11,818</b>	<b>12,128</b>	<b>13,444</b>	<b>44,523</b>	<b>49,133</b>
Personnel	4,009	3,080	2,916	3,073	3,074	3,029	2,829	4,054	13,077	12,986
Employee Profit Sharing (PTU)	84	79	79	82	103	101	101	74	324	379
Professional Fees	616	678	605	867	645	693	762	900	2,767	3,000
Administrative and Promotional Expenses	1,055	1,168	1,323	1,328	1,249	1,397	1,434	1,599	4,874	5,679
Rents, Depreciation & Amortization	787	818	820	794	848	913	928	958	3,219	3,648
Taxes other than income tax & non deductible expenses	443	431	395	457	467	314	356	517	1,726	1,653
Contributions to IPAB/Fobaproa	440	433	474	484	459	466	474	487	1,831	1,887
<b>Total Non Interest Expense</b>	<b>7,434</b>	<b>6,687</b>	<b>6,613</b>	<b>7,084</b>	<b>6,845</b>	<b>6,913</b>	<b>6,884</b>	<b>8,590</b>	<b>27,819</b>	<b>29,232</b>
<b>Operating Income</b>	<b>4,300</b>	<b>3,452</b>	<b>4,457</b>	<b>4,496</b>	<b>4,897</b>	<b>4,906</b>	<b>5,244</b>	<b>4,855</b>	<b>16,704</b>	<b>19,901</b>
Subsidiaries' Net Income	351	162	342	275	293	349	248	329	1,130	1,220
<b>Pre-Tax Income</b>	<b>4,651</b>	<b>3,614</b>	<b>4,798</b>	<b>4,771</b>	<b>5,190</b>	<b>5,255</b>	<b>5,492</b>	<b>5,184</b>	<b>17,834</b>	<b>21,121</b>
Income Tax	1,303	385	1,209	774	2,108	1,908	2,408	1,617	3,671	8,040
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(73)	(218)	(125)	301	(608)	(448)	(1,011)	(305)	(115)	(2,372)
<b>Taxes</b>	<b>1,230</b>	<b>167</b>	<b>1,084</b>	<b>1,075</b>	<b>1,500</b>	<b>1,460</b>	<b>1,397</b>	<b>1,312</b>	<b>3,555</b>	<b>5,668</b>
<b>Net Income from Continuous Operations</b>	<b>3,421</b>	<b>3,447</b>	<b>3,715</b>	<b>3,696</b>	<b>3,691</b>	<b>3,795</b>	<b>4,095</b>	<b>3,872</b>	<b>14,279</b>	<b>15,453</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(281)	(227)	(189)	(74)	(63)	(56)	(54)	(52)	(771)	(225)
<b>Net Income</b>	<b>3,140</b>	<b>3,220</b>	<b>3,526</b>	<b>3,622</b>	<b>3,628</b>	<b>3,739</b>	<b>4,042</b>	<b>3,819</b>	<b>13,508</b>	<b>15,228</b>

## IV. FINANCIAL STATEMENTS



GFNorte - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>ASSETS</b>									
Cash and Due from Banks		59,429	54,906	68,888	61,978	70,120	72,074	70,541	73,838
Margin Accounts		337	105	59	59	74	100	72	45
Negotiable Instruments		191,562	168,398	180,406	232,926	247,302	240,754	234,133	248,976
Securities Available for Sale		78,888	114,380	116,685	85,031	83,281	78,144	92,465	104,937
Securities Held to Maturity		106,972	95,700	94,021	96,730	92,839	88,571	86,860	77,736
<b>Investment in Securities</b>		<b>377,423</b>	<b>378,477</b>	<b>391,112</b>	<b>414,687</b>	<b>423,422</b>	<b>407,470</b>	<b>413,459</b>	<b>431,649</b>
Non-assigned Securities for Settlement		-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans, net		5,008	62	29	202	378	51	8	871
Securities Lending		-	-	-	-	-	-	-	-
For trading purposes		20,782	16,139	17,675	14,799	14,050	17,786	15,106	16,510
For hedging purposes		125	420	37	55	76	371	246	86
Operations w/Derivatives & Securities		-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>20,906</b>	<b>16,559</b>	<b>17,712</b>	<b>14,854</b>	<b>14,126</b>	<b>18,157</b>	<b>15,351</b>	<b>16,597</b>
<b>Operations w/Derivatives &amp; Securities</b>		<b>25,915</b>	<b>16,620</b>	<b>17,741</b>	<b>15,056</b>	<b>14,504</b>	<b>18,208</b>	<b>15,360</b>	<b>17,468</b>
<b>Valuation adjustments for Asset Coverage</b>		<b>170</b>	<b>166</b>	<b>162</b>	<b>158</b>	<b>154</b>	<b>150</b>	<b>147</b>	<b>143</b>
Commercial Loans		183,509	186,320	183,344	184,624	182,202	182,992	182,257	191,189
Financial Intermediaries' Loans		8,830	5,575	5,268	4,863	3,419	3,825	3,624	3,316
Consumer Loans		48,317	51,843	55,382	57,883	60,153	62,542	67,065	68,383
Mortgage Loans		74,355	77,348	79,421	82,033	83,153	85,040	87,003	89,918
Government Entities' Loans		89,583	90,695	90,524	95,636	98,625	100,344	104,995	118,962
Loans granted as Federal Agent		-	-	-	-	-	-	-	-
<b>Performing Loans</b>		<b>404,594</b>	<b>411,782</b>	<b>413,939</b>	<b>425,038</b>	<b>427,553</b>	<b>434,743</b>	<b>444,944</b>	<b>471,768</b>
Commercial PDL's		6,125	6,206	10,813	10,473	9,989	10,442	11,377	10,649
Financial Intermediaries PDL's		4	4	27	0	0	1	1	1
Consumer PDL's		1,643	1,890	1,997	2,093	2,058	2,416	2,371	2,370
Mortgage PDL's		818	921	1,013	1,087	1,101	1,153	1,202	1,274
Government Entities PDL's		41	53	15	2	1	1	-	-
<b>Past Due Loans</b>		<b>8,631</b>	<b>9,075</b>	<b>13,865</b>	<b>13,655</b>	<b>13,151</b>	<b>14,012</b>	<b>14,951</b>	<b>14,293</b>
<b>Gross Loan Portfolio</b>		<b>413,224</b>	<b>420,857</b>	<b>427,804</b>	<b>438,693</b>	<b>440,704</b>	<b>448,754</b>	<b>459,896</b>	<b>486,061</b>
Preventive Loan Loss Reserves		11,863	14,321	14,651	14,289	13,909	14,642	15,550	15,287
<b>Net Loan Portfolio</b>		<b>401,362</b>	<b>406,536</b>	<b>413,153</b>	<b>424,404</b>	<b>426,794</b>	<b>434,113</b>	<b>444,345</b>	<b>470,774</b>
Acquired Collection Rights		2,979	3,507	3,330	3,522	3,273	3,137	3,050	2,984
<b>Total Credit Portfolio</b>		<b>404,341</b>	<b>410,043</b>	<b>416,483</b>	<b>427,925</b>	<b>430,067</b>	<b>437,249</b>	<b>447,395</b>	<b>473,759</b>
Account Receivables from Insurance and Annuities		958	1,033	1,151	1,281	1,385	1,713	2,200	1,934
Premium Debtors (Net)		4,640	4,774	3,601	3,047	4,695	5,668	3,535	4,502
Account Receivables from Reinsurance		3,058	3,411	4,037	3,563	3,367	4,856	5,431	5,967
Benef.receiveab.securization transactions		795	795	836	738	729	789	691	587
Sundry Debtors & Other Accs Rec, Net		25,265	36,000	32,180	21,703	37,448	28,175	31,268	26,646
Inventories		390	614	568	477	442	657	459	922
Foreclosed Assets, Net		2,704	2,573	2,532	2,781	2,611	2,670	2,546	2,731
Real Estate, Furniture & Equipment, Net		11,568	11,707	11,638	12,033	12,277	12,253	12,320	12,845
Investment in Subsidiaries		13,448	13,568	13,913	14,205	14,510	13,731	13,982	13,916
Long-term assets held for sale		-	-	-	-	-	-	-	-
Deferred Taxes, Net		-	49	168	-	436	885	1,845	2,311
Goodwill and Intangibles		20,380	21,198	21,734	22,366	21,893	22,740	23,030	24,697
Other Assets Short and Long Term		4,623	4,194	4,367	4,729	4,399	4,391	4,361	4,022
Other Assets		-	-	-	-	-	-	-	-
		87,828	99,914	96,726	86,924	104,192	98,529	101,668	101,081
<b>TOTAL ASSETS</b>		<b>955,442</b>	<b>960,232</b>	<b>991,171</b>	<b>1,006,788</b>	<b>1,042,534</b>	<b>1,033,781</b>	<b>1,048,642</b>	<b>1,097,982</b>

## IV. FINANCIAL STATEMENTS



GFNorte - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>LIABILITIES</b>									
Demand Deposits		204,537	216,882	225,712	254,219	252,652	263,672	276,545	298,852
Time Deposits-Retail		182,128	189,071	184,405	179,146	186,461	179,225	180,569	185,220
Time Deposits-Money Market		23,490	12,752	14,485	4,971	10,745	2,805	1,518	8,444
Special Funds		-	-	-	-	-	-	-	-
Senior Unsecured Debt		4,743	5,389	5,764	5,405	5,482	5,115	5,011	5,406
<b>Deposits</b>		<b>414,898</b>	<b>424,095</b>	<b>430,366</b>	<b>443,740</b>	<b>455,340</b>	<b>450,817</b>	<b>463,644</b>	<b>497,922</b>
Immediate Redemption Loans		1,460	0	2,562	2,974	0	7,809	0	0
Short Term Loans		37,684	29,330	18,597	19,406	18,942	19,137	18,155	21,082
Long Term Loans		7,134	8,005	7,451	7,679	7,382	7,585	9,077	9,002
<b>Due to Banks &amp; Correspondents</b>		<b>46,278</b>	<b>37,336</b>	<b>28,611</b>	<b>30,060</b>	<b>26,324</b>	<b>34,531</b>	<b>27,232</b>	<b>30,084</b>
Technical Reserves		55,096	58,017	60,556	62,207	65,182	67,970	70,256	73,693
Non-assigned Securities for Settlement		-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net		277,118	279,734	278,427	304,021	317,580	292,593	296,061	306,602
Secs to be received in Repo Trans, Net		-	-	-	-	-	-	-	-
Repos (Credit Balance)		65	64	39	8	32	0	7	154
Securities' Loans		-	-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-	-
Other sold collateral		-	-	-	-	-	-	-	-
<b>Total Collateral sold</b>		<b>65</b>	<b>64</b>	<b>39</b>	<b>8</b>	<b>32</b>	<b>0</b>	<b>7</b>	<b>154</b>
For trading purposes		19,927	15,427	17,451	14,827	14,140	17,704	15,201	17,271
For hedging purposes		4,371	3,625	3,769	3,500	3,583	3,071	3,041	4,020
Operations w/ Derivatives & Securities		-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>24,298</b>	<b>19,051</b>	<b>21,220</b>	<b>18,327</b>	<b>17,723</b>	<b>20,775</b>	<b>18,242</b>	<b>21,291</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>		<b>301,481</b>	<b>298,849</b>	<b>299,686</b>	<b>322,356</b>	<b>335,335</b>	<b>313,368</b>	<b>314,310</b>	<b>328,046</b>
Valuation adjustments for financial liability coverage		-	-	-	-	-	-	-	-
Obligations in securitization transactions		-	0	0	0	0	0	0	0
Payable Accounts for Reinsurance		1,315	1,223	785	759	1,054	2,449	796	1,619
Income Tax Payable		1,695	521	852	794	1,917	2,816	4,547	5,380
Profit Sharing Payable		361	419	495	339	130	206	304	373
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-	-
Creditors for settlement of transactions		6,792	15,762	12,422	4,282	9,931	10,678	12,357	3,224
Margin Accounts Payable		-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable		16,366	14,069	14,333	12,936	13,502	15,510	16,168	15,041
<b>Other Payable Accounts</b>		<b>25,215</b>	<b>30,771</b>	<b>28,102</b>	<b>18,351</b>	<b>25,480</b>	<b>29,210</b>	<b>33,375</b>	<b>24,019</b>
Subordinated Non Convertible Debt		19,258	19,510	18,046	18,001	18,083	15,788	16,021	16,468
Deferred Taxes, Net		770	-	-	200	-	-	-	-
Deferred Credits		2,579	2,473	2,509	2,423	2,511	2,412	2,389	1,459
<b>TOTAL LIABILITIES</b>		<b>866,890</b>	<b>872,274</b>	<b>868,661</b>	<b>898,097</b>	<b>929,310</b>	<b>916,544</b>	<b>928,026</b>	<b>973,311</b>
<b>EQUITY</b>									
Paid-in Capital		13,087	13,086	14,651	14,652	14,647	14,647	14,647	14,632
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-	-
Share Subscription Premiums		18,756	18,793	48,518	35,219	35,349	35,664	35,682	36,201
Subordinated Convertible Debentures		-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>		<b>31,843</b>	<b>31,879</b>	<b>63,169</b>	<b>49,870</b>	<b>49,995</b>	<b>50,311</b>	<b>50,330</b>	<b>50,833</b>
Capital Reserves		3,399	3,399	5,811	5,811	5,811	7,014	7,014	6,657
Retained Earnings		48,075	43,777	40,936	39,303	52,823	51,605	51,082	50,407
Surplus (Deficit) of Secs Available for Sale		1,824	754	849	667	732	808	554	634
Results from Valuation of Hedging Secs		(2,966)	(1,554)	(1,677)	(1,420)	(734)	(594)	(709)	(762)
Results from Conversions		(912)	(796)	(771)	(1,083)	(909)	(916)	(737)	(75)
Surplus (Deficit) in Capital Restatement		-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions		-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes		-	-	-	-	-	-	-	-
Net Income		3,140	6,360	9,886	13,508	3,628	7,367	11,409	15,228
<b>Earned Capital</b>		<b>52,559</b>	<b>51,941</b>	<b>55,034</b>	<b>56,787</b>	<b>61,350</b>	<b>65,284</b>	<b>68,611</b>	<b>72,089</b>
Minority Interest		4,151	4,138	4,307	2,034	1,878	1,642	1,675	1,750
<b>Total Equity</b>		<b>88,553</b>	<b>87,957</b>	<b>122,511</b>	<b>108,691</b>	<b>113,224</b>	<b>117,237</b>	<b>120,616</b>	<b>124,672</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>955,442</b>	<b>960,232</b>	<b>991,171</b>	<b>1,006,788</b>	<b>1,042,534</b>	<b>1,033,781</b>	<b>1,048,642</b>	<b>1,097,982</b>

## IV. FINANCIAL STATEMENTS



GFNorte - Memorandum Accounts (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>On behalf of Third Parties</b>								
Customer's Banks	101	205	356	24	264	117	39	52
Dividends Receivable from Customers	-	-	-	-	-	-	-	-
Interest Receivable from Customers	-	-	-	-	-	-	-	-
Settlement of Customer Transactions	(53)	(237)	(6)	(30)	(193)	(123)	(28)	(21)
Customer Premiums	-	-	-	-	-	-	-	-
Settlement with Clients' Foreign Currency	-	-	-	-	-	-	-	-
Margin Accounts in Futures' Operations	-	-	-	-	-	-	-	-
Other Current Accounts	-	-	-	-	-	-	-	-
<b>Customers' Current Account</b>	<b>48</b>	<b>(32)</b>	<b>350</b>	<b>(7)</b>	<b>71</b>	<b>(7)</b>	<b>12</b>	<b>32</b>
Client Securities Received in Custody	592,696	576,715	567,449	536,300	546,591	592,850	625,248	588,561
Securities and Documents Received in Guarantee	-	-	-	-	-	-	-	-
Client Securities Abroad	-	-	-	-	-	-	-	-
<b>Clients' Securities</b>	<b>592,696</b>	<b>576,715</b>	<b>567,449</b>	<b>536,300</b>	<b>546,591</b>	<b>592,850</b>	<b>625,248</b>	<b>588,561</b>
Clients' Repurchase Operations	57,804	73,572	85,849	112,839	77,927	52,824	59,524	98,802
Clients' Repo Transactions w/ Securities	-	-	-	-	-	-	-	-
Collateral received in guarantee for customer accounts	48,913	71,996	84,504	111,486	76,581	51,573	58,283	97,555
Purchase of Futures & Forward Contracts, national	-	-	-	-	-	-	-	-
Sale of Futures and Forward Contracts, national	-	-	-	-	-	-	-	-
Clients' Option Purchase Operations	-	-	-	-	-	-	-	-
Clients' Option Sales Operations	-	-	-	-	-	-	-	-
Purchase Operations of derivatives	-	-	-	-	-	-	-	-
Clients' Sales Operations of derivatives	-	-	-	-	-	-	-	-
Trusts under Administration	403	361	340	254	64,280	72,413	75,847	76,857
<b>Transactions On Behalf of Clients</b>	<b>107,119</b>	<b>145,929</b>	<b>170,693</b>	<b>224,579</b>	<b>218,788</b>	<b>176,810</b>	<b>193,655</b>	<b>273,214</b>
<b>Investment bank Trans on Behalf of Third (Net)</b>	<b>67,162</b>	<b>71,223</b>	<b>93,475</b>	<b>83,171</b>	<b>85,548</b>	<b>99,955</b>	<b>94,013</b>	<b>90,769</b>
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>767,026</b>	<b>793,835</b>	<b>831,967</b>	<b>844,043</b>	<b>850,998</b>	<b>869,609</b>	<b>912,928</b>	<b>952,576</b>
<b>Endorsement Guarantees Granted</b>	-	-	-	-	-	-	-	-
Loan Obligations	39,566	35,435	34,588	28,110	28,616	31,840	29,682	43,023
Trusts	346,701	318,844	264,235	194,018	167,885	187,006	205,556	212,425
Mandates	2,140	1,713	10,806	11,043	10,090	8,957	9,031	9,002
<b>Properties in Trusts and Warrant</b>	<b>348,841</b>	<b>320,557</b>	<b>275,042</b>	<b>205,061</b>	<b>177,975</b>	<b>195,963</b>	<b>214,587</b>	<b>221,427</b>
Properties in Custody or Administration	430,381	443,462	477,773	451,582	484,554	489,633	438,328	433,473
Collateral Received	136,279	92,754	87,133	143,033	147,461	154,390	110,293	97,855
Collateral Received or sold or delivered	140,700	123,678	129,104	203,074	171,305	153,445	115,920	142,005
Drafts in Transit	-	-	-	-	-	-	-	-
Deposits of assets	2,630	2,531	2,045	2,816	2,404	2,083	1,633	3,346
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & Liabilities	255	255	255	-	-	0	0	1
Uncollected Accrued Interest from Past Due Loans	362	368	391	392	421	454	495	548
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>1,099,015</b>	<b>1,019,040</b>	<b>1,006,331</b>	<b>1,034,067</b>	<b>1,012,734</b>	<b>1,027,808</b>	<b>910,938</b>	<b>941,678</b>
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>1,099,015</b>	<b>1,019,040</b>	<b>1,006,331</b>	<b>1,034,067</b>	<b>1,012,734</b>	<b>1,027,808</b>	<b>910,938</b>	<b>941,678</b>



GFNORTE - CONSOLIDATED STATEMENT OF CASH FLOW	
JANUARY 1, 2014 – DECEMBER 31, 2014	
(Million Pesos)	
<b>Net Income</b>	<b>15,228</b>
<b>Items charged to results that do not generate or require use of resources</b>	
Depreciation	1,262
Technical Reserves	9,655
Provisions	6,005
Income taxes and deferred	5,668
Minority Interest	(995)
	<b>21,595</b>
	<b>36,823</b>
<b>Change in items related to operations:</b>	
Change in Margin Accounts	13
Change in Investment in Securities	(15,802)
Change in repo debtors	(669)
Change in derivatives (assets)	(1,696)
Change in Loan Portfolio (net)	(44,888)
Change in purchased receivables (net)	537
Change in accounts receivable insurance and bonding institutions (net)	(653)
Change in debtor premiums	(1,455)
Change in Reinsurance	(2,404)
Change in benefits to receive from securitizations	151
Change in foreclosed assets (net)	61
Change in other operating assets (net)	(5,881)
Change in core deposits	51,799
Change in interbank loans and other entities	10
Change in repo creditors	2,580
Change in collateral pledged sold	145
Change in derivatives (liability)	2,444
Change in Technical Reserves (net)	1,831
Change in Reinsurance (net) (liability)	860
Change in subordinated debt with characteristics of liabilities	(1,567)
Change in other operating liabilities	(5,291)
Change in hedging instruments (the related hedged transaction activities)	488
Income Tax Collection (refunds)	0
Income Tax Payments	(3,584)
<b>Net cash generated or used from operations</b>	<b>13,852</b>
<b>Investment Activities:</b>	
Charges for disposal of property, furniture and equipment	2,002
Payments for acquisition of property, furniture and equipment	(4,006)
Subsidiaries and associated acquisitions charges	409
Subsidiaries and associated acquisitions payment	0
Charges for other investmentes	0
Payments for other investmentes	0
Charges for cash dividends	1,134
<b>Net cash generated or used from investment activities</b>	<b>(461)</b>
<b>Financing Activities:</b>	
Payments for issued shares	0
Payments of cash dividends	(1,218)
Payments associated with the repurchase of proprietary shares	(549)
<b>Net cash flows from financing activities</b>	<b>(1,767)</b>
<b>Net Cash Increase (decrease)</b>	<b>11,624</b>
<b>Effects for changes in cash and equivalents value</b>	<b>236</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>61,978</b>
<b>Cash and cash equivalents at end of period</b>	<b>73,838</b>

GFNORTE – CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY										
JANUARY 1, 2014 – DECEMBER 31, 2014										
(Million Pesos)										
	CONTRIBUTED CAPITAL		EARNED CAPITAL							
	Fixed Paid-in Capital	Premium from sale of securities	Capital Reserves	Retained Earnings	Valuation Effects of Securities Available for Sale	Results from val of instrum Cash flow hedges	Results from Conversions	Net Income	Minority Interest	Total Stockholders' Equity
Balance as of December 31, 2013	14,652	35,219	5,811	39,303	667	(1,420)	(1,083)	13,508	2,034	108,691
<b>Changes stemming from stockholders' decisions</b>										
Repurchases of payment plan based on stock	(20)	438	(357)	1	36					98
Capitalization of profits				13,508				(13,508)		0
Creation of reserves on behalf of the Annual Ordinary General Shareholders' Meeting held on April 25, 2014.			314	(314)						0
Creation of reserves for stock repurchase			889	(889)						0
Dividends declared by the Ordinary General Shareholders' Meeting held on October 14, 2013 and paid on July 23, 2014				(544)						(544)
Dividends declared by the Ordinary General Shareholders' Meeting held on October 22, 2014 and paid on October 31, 2014				(674)						(674)
<b>Total</b>	<b>(20)</b>	<b>438</b>	<b>846</b>	<b>11,088</b>	<b>36</b>	<b>0</b>	<b>0</b>	<b>(13,508)</b>	<b>0</b>	<b>(1,120)</b>
<b>Changes stemming from profits</b>										
Net Income								15,228		15,228
Result from valuation of securities available for sale					(69)					(69)
Effect of subsidiaries, associates and mutual funds		544		16			1,008			1,568
Result from valuation of instruments of cash flow hedges						658				658
<b>Total</b>	<b>0</b>	<b>544</b>	<b>0</b>	<b>16</b>	<b>(69)</b>	<b>658</b>	<b>1,008</b>	<b>15,228</b>	<b>0</b>	<b>17,385</b>
Recognition of minority interest									(284)	(284)
Balance as of December 31, 2014	14,632	36,201	6,657	50,407	634	(762)	(75)	15,228	1,750	124,672

## BANKING SECTOR

Income Statement -Banking Sector										
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
(Million Pesos)										
Interest Income	13,793	13,961	14,018	13,848	14,005	14,276	13,867	14,208	55,619	56,356
Interest Expense	5,933	5,508	5,540	5,140	5,225	5,229	4,641	4,543	22,120	19,638
Charged Fees	319	504	311	429	338	325	441	1,133	1,564	2,237
Fees Paid	83	125	86	84	85	95	99	86	377	365
<b>Net Interest Income (NII)</b>	<b>8,096</b>	<b>8,833</b>	<b>8,704</b>	<b>9,053</b>	<b>9,033</b>	<b>9,277</b>	<b>9,567</b>	<b>10,712</b>	<b>34,685</b>	<b>38,589</b>
Preventive Provisions for Loan Losses	2,026	3,005	1,957	1,800	2,369	2,826	3,208	2,704	8,788	11,107
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>6,070</b>	<b>5,828</b>	<b>6,746</b>	<b>7,253</b>	<b>6,664</b>	<b>6,451</b>	<b>6,359</b>	<b>8,008</b>	<b>25,897</b>	<b>27,482</b>
Fees for Commercial and Mortgage Loans	2	2	5	3	3	2	2	2	11	9
Fund Transfers	119	128	131	155	146	158	161	173	533	637
Account Management Fees	313	334	348	375	351	374	378	397	1,371	1,499
Fiduciary	74	96	87	93	81	100	83	95	351	360
Other Fees	584	461	437	433	430	398	423	639	1,915	1,890
Income from Real Estate Portfolios	238	(190)	16	25	6	5	18	21	88	49
Electronic Banking Services	885	961	1,011	1,076	1,034	1,085	1,126	1,242	3,934	4,486
For Consumer and Credit Card Loans	510	574	592	685	676	667	705	744	2,361	2,792
<b>Fees Charged on Services</b>	<b>2,725</b>	<b>2,367</b>	<b>2,627</b>	<b>2,846</b>	<b>2,726</b>	<b>2,789</b>	<b>2,896</b>	<b>3,312</b>	<b>10,565</b>	<b>11,723</b>
Fund transfers	15	13	10	11	13	13	8	11	50	45
Other Fees	666	684	728	768	710	744	764	827	2,847	3,046
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>681</b>	<b>697</b>	<b>738</b>	<b>780</b>	<b>724</b>	<b>758</b>	<b>772</b>	<b>837</b>	<b>2,897</b>	<b>3,091</b>
Foreign Exchange	451	(89)	210	322	342	283	229	257	893	1,111
Securities-Realized Gains	464	821	661	343	436	536	664	219	2,289	1,854
Securities-Unrealized Gains	395	(118)	(367)	(70)	270	536	191	(103)	(161)	894
<b>Trading Income</b>	<b>1,310</b>	<b>613</b>	<b>503</b>	<b>595</b>	<b>1,048</b>	<b>1,355</b>	<b>1,083</b>	<b>372</b>	<b>3,021</b>	<b>3,859</b>
Loan Recoveries	265	499	274	346	241	225	226	264	1,384	956
Income from foreclosed assets	(47)	(73)	(55)	(17)	(107)	(81)	(26)	65	(192)	(149)
Other Operating Income	59	3	26	39	89	116	76	102	127	383
Other Operating Expense	(51)	(35)	(48)	(45)	(65)	(3)	(36)	(33)	(180)	(138)
Other Products	139	445	284	410	199	363	667	(65)	1,278	1,164
Other Recoveries	811	(39)	158	98	270	76	204	375	1,029	925
Other Operating Expense	(230)	(274)	(87)	(231)	(221)	(225)	(218)	0	(821)	(663)
<b>Total Other Operating Income (Expense)</b>	<b>947</b>	<b>525</b>	<b>551</b>	<b>600</b>	<b>406</b>	<b>470</b>	<b>894</b>	<b>708</b>	<b>2,624</b>	<b>2,478</b>
<b>Total Non Interest Income</b>	<b>4,300</b>	<b>2,808</b>	<b>2,943</b>	<b>3,262</b>	<b>3,457</b>	<b>3,857</b>	<b>4,102</b>	<b>3,554</b>	<b>13,313</b>	<b>14,969</b>
<b>Total Operating Income</b>	<b>10,370</b>	<b>8,636</b>	<b>9,689</b>	<b>10,515</b>	<b>10,121</b>	<b>10,308</b>	<b>10,461</b>	<b>11,562</b>	<b>39,210</b>	<b>42,451</b>
Personnel	3,900	2,924	2,813	2,933	2,950	2,884	2,695	3,912	12,569	12,441
Employee Profit Sharing (PTU)	83	79	78	82	99	101	99	70	323	369
Professional Fees	529	563	530	744	548	605	669	770	2,365	2,591
Administrative and Promotional Expenses	825	1,025	1,145	1,234	1,108	1,222	1,277	1,388	4,230	4,995
Rents, Depreciation & Amortization	731	765	768	729	789	853	859	889	2,992	3,391
Taxes other than income tax & non deductible expenses	392	360	329	374	420	270	303	371	1,456	1,364
Contributions to IPAB/Fobaproa	440	433	474	484	459	466	474	487	1,831	1,887
<b>Total Non Interest Expense</b>	<b>6,899</b>	<b>6,150</b>	<b>6,137</b>	<b>6,579</b>	<b>6,374</b>	<b>6,401</b>	<b>6,376</b>	<b>7,887</b>	<b>25,766</b>	<b>27,037</b>
<b>Operating Income</b>	<b>3,471</b>	<b>2,486</b>	<b>3,552</b>	<b>3,936</b>	<b>3,747</b>	<b>3,907</b>	<b>4,086</b>	<b>3,675</b>	<b>13,444</b>	<b>15,414</b>
Subsidiaries' Net Income	348	472	337	282	293	349	258	342	1,439	1,242
<b>Pre-Tax Income</b>	<b>3,819</b>	<b>2,957</b>	<b>3,889</b>	<b>4,218</b>	<b>4,040</b>	<b>4,255</b>	<b>4,344</b>	<b>4,017</b>	<b>14,883</b>	<b>16,655</b>
Income Tax	1,070	147	1,056	549	1,782	1,625	2,098	1,370	2,822	6,874
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(89)	(237)	(105)	370	(573)	(445)	(800)	(337)	(61)	(2,154)
<b>Taxes</b>	<b>982</b>	<b>(90)</b>	<b>951</b>	<b>919</b>	<b>1,209</b>	<b>1,180</b>	<b>1,298</b>	<b>1,033</b>	<b>2,761</b>	<b>4,720</b>
<b>Net Income from Continuous Operations</b>	<b>2,838</b>	<b>3,048</b>	<b>2,938</b>	<b>3,299</b>	<b>2,831</b>	<b>3,075</b>	<b>3,046</b>	<b>2,984</b>	<b>12,122</b>	<b>11,936</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	(0)	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	(0)
<b>Net Income</b>	<b>2,838</b>	<b>3,048</b>	<b>2,938</b>	<b>3,299</b>	<b>2,831</b>	<b>3,075</b>	<b>3,046</b>	<b>2,984</b>	<b>12,122</b>	<b>11,936</b>

## IV. FINANCIAL STATEMENTS



Banking Sector - Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>ASSETS</b>									
Cash and Due from Banks		59,583	54,921	68,824	61,967	70,174	71,828	70,371	73,622
Margin Accounts		337	105	59	59	74	100	72	45
Negotiable Instruments		139,529	131,459	134,333	136,344	184,013	194,110	193,774	172,478
Securities Available for Sale		77,562	75,331	74,693	66,715	70,293	67,782	69,116	77,511
Securities Held to Maturity		47,080	40,340	36,135	35,926	30,711	24,676	21,069	10,486
<b>Investment in Securities</b>		<b>264,170</b>	<b>247,130</b>	<b>245,161</b>	<b>238,986</b>	<b>285,017</b>	<b>286,567</b>	<b>283,959</b>	<b>260,475</b>
Non-assigned Securities for Settlement		-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans.net		5,072	62	29	2	0	51	8	1
Securities Lending		-	-	-	-	-	-	-	-
For trading purposes		20,782	16,139	17,675	14,799	14,050	17,786	15,106	16,510
For hedging purposes		125	31	37	55	76	371	246	86
Operations w/Derivatives & Securities		-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>20,906</b>	<b>16,170</b>	<b>17,712</b>	<b>14,854</b>	<b>14,126</b>	<b>18,157</b>	<b>15,351</b>	<b>16,597</b>
<b>Operations w/Derivatives &amp; Securities</b>		<b>25,978</b>	<b>16,232</b>	<b>17,741</b>	<b>14,856</b>	<b>14,127</b>	<b>18,208</b>	<b>15,360</b>	<b>16,598</b>
Valuation adjustments for Asset Coverage		170	166	162	158	154	150	147	143
Commercial Loans		165,639	170,052	167,683	169,150	165,956	165,932	165,798	173,857
Financial Intermediaries' Loans		16,176	17,329	16,888	17,354	15,174	15,575	17,700	17,703
Consumer Loans		48,259	51,788	55,330	57,833	60,106	62,499	62,960	64,652
Mortgage Loans		74,007	77,323	79,396	82,008	83,130	85,017	86,980	89,918
Government Entities' Loans		87,583	88,824	88,244	93,484	96,925	98,238	103,144	117,655
Loans granted as Federal Agent		-	-	-	-	-	-	-	-
<b>Performing Loans</b>		<b>391,664</b>	<b>405,317</b>	<b>407,542</b>	<b>419,830</b>	<b>421,290</b>	<b>427,260</b>	<b>436,582</b>	<b>463,784</b>
Commercial PDL's		4,776	5,833	10,396	10,082	9,587	10,036	11,017	10,272
Financial Intermediaries PDL's		-	0	24	0	0	1	1	1
Consumer PDL's		1,649	1,896	2,003	2,098	2,063	2,420	2,375	2,353
Mortgage PDL's		817	973	1,064	1,137	1,151	1,202	1,250	1,286
Government Entities PDL's		-	-	-	-	-	-	-	-
<b>Past Due Loans</b>		<b>7,242</b>	<b>8,701</b>	<b>13,487</b>	<b>13,317</b>	<b>12,801</b>	<b>13,659</b>	<b>14,643</b>	<b>13,912</b>
<b>Gross Loan Portfolio</b>		<b>398,906</b>	<b>414,019</b>	<b>421,028</b>	<b>433,147</b>	<b>434,092</b>	<b>440,919</b>	<b>451,226</b>	<b>477,696</b>
Preventive Loan Loss Reserves		10,656	13,659	14,049	13,765	13,506	14,215	14,989	14,718
<b>Net Loan Portfolio</b>		<b>388,250</b>	<b>400,360</b>	<b>406,979</b>	<b>419,382</b>	<b>420,586</b>	<b>426,703</b>	<b>436,237</b>	<b>462,979</b>
Acquired Collection Rights		2,752	2,039	1,948	1,918	1,702	1,610	1,545	1,518
<b>Total Credit Portfolio</b>		<b>391,002</b>	<b>402,400</b>	<b>408,927</b>	<b>421,300</b>	<b>422,288</b>	<b>428,313</b>	<b>437,782</b>	<b>464,497</b>
Benef.receiveab.securization transactions		782	795	836	738	729	789	691	587
Sundry Debtors & Other Accs Rec, Net		23,143	23,032	21,450	11,185	29,371	17,464	18,742	15,662
Inventories		-	-	-	-	-	-	-	-
Foreclosed Assets, Net		2,340	2,423	2,395	2,266	2,102	2,162	2,036	2,260
Real Estate, Furniture & Equipment, Net		8,829	8,947	9,014	9,498	9,516	9,559	9,720	10,119
Investment in Subsidiaries		13,374	13,156	13,483	13,765	14,062	13,278	13,537	13,592
Long-term assets held for sale		-	-	-	-	-	-	-	-
Deferred Taxes, Net		-	566	722	274	868	1,336	2,085	2,569
Goodwill and Intangibles		7,607	7,802	8,337	9,038	8,472	9,234	9,443	10,998
Other Assets Short and Long Term		4,047	3,518	3,569	3,826	4,013	4,007	3,978	3,742
Other Assets		-	-	-	-	-	-	-	-
		60,123	60,239	59,806	50,589	69,133	57,828	60,233	59,528
<b>TOTAL ASSETS</b>		<b>801,363</b>	<b>781,193</b>	<b>800,679</b>	<b>787,916</b>	<b>860,967</b>	<b>862,996</b>	<b>867,924</b>	<b>874,908</b>

Banking Sector - Balance Sheet								
(Million Pesos)								
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>LIABILITIES</b>								
Demand Deposits	204,794	217,510	236,198	255,297	253,832	265,051	277,663	300,282
Time Deposits-Retail	182,523	189,206	186,033	179,877	187,015	179,756	181,021	185,461
Time Deposits-Money Market	23,809	13,465	14,485	4,971	10,745	2,805	1,518	8,444
Special Funds	-	-	-	-	-	-	-	-
Senior Unsecured Debt	3,741	3,985	3,987	4,003	3,951	3,968	4,065	4,510
<b>Deposits</b>	<b>414,867</b>	<b>424,166</b>	<b>440,703</b>	<b>444,147</b>	<b>455,543</b>	<b>451,580</b>	<b>464,268</b>	<b>498,697</b>
Immediate Redemption Loans	1,460	0	2,562	2,974	0	7,809	0	0
Short Term Loans	19,326	9,099	9,138	9,882	8,729	7,732	7,437	10,700
Long Term Loans	3,258	3,451	3,183	3,210	3,049	3,125	4,730	4,073
<b>Due to Banks &amp; Correspondents</b>	<b>24,044</b>	<b>12,550</b>	<b>14,884</b>	<b>16,067</b>	<b>11,778</b>	<b>18,666</b>	<b>12,168</b>	<b>14,774</b>
Non-assigned Securities for Settlement	-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net	219,502	206,038	203,980	196,041	242,133	241,965	237,896	208,362
Secs to be received in Repo Trans, Net	-	-	-	-	-	-	-	-
Repos (Credit Balance)	49	36	33	8	32	0	6	154
Securities' Loans	-	-	-	-	-	-	-	-
Transactions with Derivatives	-	-	-	-	-	-	-	-
Other sold collateral	-	-	-	-	-	-	-	-
<b>Total Collateral sold</b>	<b>49</b>	<b>36</b>	<b>33</b>	<b>8</b>	<b>32</b>	<b>0</b>	<b>6</b>	<b>154</b>
For trading purposes	19,927	15,427	17,451	14,827	14,140	17,704	15,201	17,271
For hedging purposes	4,246	3,625	3,769	3,500	3,583	3,071	3,041	4,020
Operations w/ Derivatives & Securities	-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>	<b>24,173</b>	<b>19,051</b>	<b>21,220</b>	<b>18,327</b>	<b>17,723</b>	<b>20,775</b>	<b>18,242</b>	<b>21,291</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>	<b>243,723</b>	<b>225,125</b>	<b>225,233</b>	<b>214,376</b>	<b>259,888</b>	<b>262,740</b>	<b>256,145</b>	<b>229,806</b>
Valuation adjustments for financial liability coverage	-	-	-	-	-	-	-	-
Obligations in securitization transactions	-	0	0	0	0	0	0	0
Income Tax Payable	1,416	108	397	224	1,518	2,315	3,808	4,459
Profit Sharing Payable	335	409	486	330	120	205	303	373
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-	-
Creditors for settlement of transactions	5,362	12,925	11,937	4,006	17,205	10,073	10,234	3,072
Margin Accounts Payable	-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	11,194	11,108	11,494	10,361	10,259	11,799	12,199	11,084
<b>Other Payable Accounts</b>	<b>18,307</b>	<b>24,550</b>	<b>24,314</b>	<b>14,920</b>	<b>29,102</b>	<b>24,392</b>	<b>26,544</b>	<b>18,988</b>
Subordinated Non Convertible Debt	19,258	19,510	18,046	18,001	18,083	15,788	16,021	16,468
Deferred Taxes, Net	372	-	-	-	-	-	-	-
Deferred Credits	2,634	2,523	2,562	2,479	2,373	2,274	2,252	1,384
<b>TOTAL LIABILITIES</b>	<b>723,205</b>	<b>708,425</b>	<b>725,742</b>	<b>709,990</b>	<b>776,768</b>	<b>775,441</b>	<b>777,397</b>	<b>780,117</b>
<b>EQUITY</b>								
Paid-in Capital	15,067	15,577	15,577	15,577	17,527	20,022	20,074	20,074
Provision for future capital increase not formalized by its governing entity	-	-	-	1,950	2,499	52	-	-
Share Subscription Premiums	13,154	10,389	10,389	10,389	10,389	10,389	10,389	11,099
Subordinated Convertible Debentures	-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>	<b>28,221</b>	<b>25,966</b>	<b>25,966</b>	<b>27,916</b>	<b>30,415</b>	<b>30,463</b>	<b>30,463</b>	<b>31,173</b>
Capital Reserves	6,703	7,761	7,761	7,761	7,761	8,968	8,968	8,968
Retained Earnings	42,824	35,004	34,285	32,284	44,411	43,183	43,203	43,201
Surplus (Deficit) of Secs Available for Sale	1,656	677	722	517	576	691	540	510
Results from Valuation of Hedging Secs	(3,136)	(1,688)	(1,805)	(1,541)	(840)	(697)	(815)	(869)
Results from Conversions	(958)	(848)	(824)	(1,143)	(964)	(969)	(794)	(138)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions	-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-	-
Net Income	2,838	5,886	8,824	12,122	2,831	5,906	8,952	11,936
<b>Earned Capital</b>	<b>49,927</b>	<b>46,792</b>	<b>48,962</b>	<b>50,000</b>	<b>53,775</b>	<b>57,082</b>	<b>60,054</b>	<b>63,608</b>
Minority Interest	10	10	10	10	10	10	10	10
<b>Total Equity</b>	<b>78,158</b>	<b>72,768</b>	<b>74,937</b>	<b>77,926</b>	<b>84,200</b>	<b>87,555</b>	<b>90,527</b>	<b>94,791</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>801,363</b>	<b>781,193</b>	<b>800,679</b>	<b>787,916</b>	<b>860,967</b>	<b>862,996</b>	<b>867,924</b>	<b>874,908</b>

Banking Sector - Memorandum Accounts (Million Pesos)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
Investment banking transactions for third parties, net	67,162	71,223	93,475	83,171	85,548	99,955	94,013	90,769
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	<b>67,162</b>	<b>71,223</b>	<b>93,475</b>	<b>83,171</b>	<b>85,548</b>	<b>99,955</b>	<b>94,013</b>	<b>90,769</b>
<b>Proprietary Transactions</b>								
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	39,566	35,435	34,588	28,110	28,616	31,840	29,682	43,023
Trusts	346,354	318,844	264,235	194,018	167,885	187,006	205,556	212,425
Mandates	2,140	1,713	10,806	11,043	10,090	8,957	9,031	9,002
Properties in Trusts and Warrant	348,494	320,557	275,042	205,061	177,975	195,963	214,587	221,427
Properties in Custody or Administration	316,204	325,241	357,893	335,729	358,926	344,237	280,141	284,381
Collateral Received	74,654	74,953	68,298	123,774	86,962	75,353	75,123	68,010
Collateral Received or sold	30,208	33,881	25,764	72,530	35,054	23,364	22,996	15,475
Drafts in Transit	-	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & liabilities	255	255	255	-	-	0	0	1
Uncollected Accrued Interest from Past Due Loans	191	325	348	349	378	411	452	505
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>809,573</b>	<b>790,647</b>	<b>762,189</b>	<b>765,553</b>	<b>687,910</b>	<b>671,167</b>	<b>622,981</b>	<b>632,822</b>
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL PROPRIETARY</b>	<b>809,573</b>	<b>790,647</b>	<b>762,189</b>	<b>765,553</b>	<b>687,910</b>	<b>671,167</b>	<b>622,981</b>	<b>632,822</b>

## BANORTE USA

Income Statement-Banorte USA	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	2013	2014
<i>MEX GAAP (Million Pesos)</i>										
Interest Income	178	176	177	176	183	185	183	197	707	747
Interest Expense	42	39	34	32	31	30	32	33	147	127
Charged Fees	4	6	6	6	7	7	8	8	22	31
Fees Paid	-	-	-	-	-	-	-	-	-	-
<b>Net Interest Income from interest &amp; fees (NI)</b>	<b>141</b>	<b>142</b>	<b>149</b>	<b>150</b>	<b>159</b>	<b>162</b>	<b>160</b>	<b>171</b>	<b>582</b>	<b>651</b>
<b>Net Interest Income (NI)</b>	<b>141</b>	<b>142</b>	<b>149</b>	<b>150</b>	<b>159</b>	<b>162</b>	<b>160</b>	<b>171</b>	<b>582</b>	<b>651</b>
Preventive Provisions for Loan Losses	15	2	8	11	11	2	3	5	36	21
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>126</b>	<b>140</b>	<b>141</b>	<b>139</b>	<b>148</b>	<b>160</b>	<b>157</b>	<b>167</b>	<b>546</b>	<b>631</b>
Fees for Commercial and mortgage loans	2	2	5	3	3	2	2	2	11	9
Fund Transfers	47	56	59	67	71	80	84	88	229	323
Account Management Fees	16	15	17	16	15	15	15	15	64	61
Fiduciary	-	-	-	-	-	-	-	-	-	-
Other Fees	4	4	3	5	6	6	7	8	15	27
Income from Real Estate Portfolios	-	-	-	-	-	-	-	-	-	-
Electronic Banking Services	5	5	6	5	6	9	9	9	21	32
For Consumer and Credit Card Loans	-	-	-	-	-	-	-	-	-	-
<b>Fees Charged on Services</b>	<b>74</b>	<b>82</b>	<b>88</b>	<b>96</b>	<b>101</b>	<b>112</b>	<b>117</b>	<b>123</b>	<b>341</b>	<b>452</b>
Fund transfers	1	1	1	1	0	0	0	0	4	1
Other Fees	26	27	26	29	28	31	30	30	108	119
Amortization of Loan Portfolio	-	-	-	-	-	-	-	-	-	-
<b>Fees Paid on Services</b>	<b>27</b>	<b>29</b>	<b>26</b>	<b>30</b>	<b>28</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>112</b>	<b>120</b>
Foreign Exchange	13	17	15	16	13	15	15	16	60	59
Securities-Realized Gains	34	11	5	1	17	0	3	0	51	21
Securities-Unrealized Gains	-	-	-	-	-	-	-	-	-	-
<b>Trading Income</b>	<b>47</b>	<b>28</b>	<b>20</b>	<b>16</b>	<b>31</b>	<b>15</b>	<b>18</b>	<b>17</b>	<b>111</b>	<b>80</b>
Loan Recoveries	11	4	5	12	3	1	2	3	32	8
Income from purchased assets	3	(9)	(5)	13	(4)	6	(1)	1	2	2
Other Operating Income	-	-	-	-	0	-	(0)	-	-	(0)
Other Operating Expense	-	0	0	1	1	1	1	1	2	5
Other Products	19	21	21	18	17	17	17	22	79	73
Other Recoveries	-	-	-	-	-	-	-	-	-	-
Other Operating Expense	(1)	(1)	(1)	(0)	(1)	(1)	(1)	(0)	(3)	(3)
<b>Total Non Interest Income</b>	<b>127</b>	<b>97</b>	<b>102</b>	<b>125</b>	<b>120</b>	<b>119</b>	<b>122</b>	<b>135</b>	<b>451</b>	<b>497</b>
<b>Total Operating Income</b>	<b>252</b>	<b>237</b>	<b>244</b>	<b>264</b>	<b>268</b>	<b>279</b>	<b>279</b>	<b>302</b>	<b>998</b>	<b>1,128</b>
Personnel	87	77	82	79	82	90	85	94	325	351
Employee Profit Sharing (PTU)	-	-	-	-	-	-	-	-	-	-
Professional Fees	24	23	24	31	25	29	17	24	101	95
Administrative and Promotional Expenses	49	47	52	59	56	65	61	78	207	261
Rents, Depreciation & Amortization	20	19	19	22	20	18	16	18	80	72
Taxes other than income tax & non deductible expenses	5	4	4	3	4	5	4	3	16	16
Contributions to IPAB/Fobaproa	9	9	4	4	4	3	4	3	26	14
<b>Total Non Interest Expense</b>	<b>193</b>	<b>179</b>	<b>185</b>	<b>198</b>	<b>191</b>	<b>211</b>	<b>186</b>	<b>221</b>	<b>755</b>	<b>808</b>
<b>Operating Income</b>	<b>59</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>77</b>	<b>68</b>	<b>93</b>	<b>81</b>	<b>242</b>	<b>319</b>
Subsidiaries' Net Income	-	-	-	-	-	-	-	-	-	-
<b>Pre-Tax Income</b>	<b>59</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>77</b>	<b>68</b>	<b>93</b>	<b>81</b>	<b>242</b>	<b>319</b>
Income Tax	19	20	19	23	24	22	32	26	79	105
Tax on Assets	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	-	-	-	-	-	-	-	-	-	-
<b>Taxes</b>	<b>19</b>	<b>20</b>	<b>19</b>	<b>23</b>	<b>24</b>	<b>22</b>	<b>32</b>	<b>26</b>	<b>79</b>	<b>105</b>
<b>Net Income from Continuous Operations</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>44</b>	<b>52</b>	<b>46</b>	<b>61</b>	<b>55</b>	<b>163</b>	<b>214</b>
Extraordinary Items, net	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	-
<b>Net Income</b>	<b>41</b>	<b>39</b>	<b>40</b>	<b>44</b>	<b>52</b>	<b>46</b>	<b>61</b>	<b>55</b>	<b>163</b>	<b>214</b>



Banorte USA-Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>ASSETS</b>									
Cash and Due from Banks		2,202	2,678	2,094	1,139	2,014	2,248	2,355	2,220
Margin Accounts		-	-	-	-	-	-	-	-
Negotiable Instruments		-	-	-	-	-	-	-	-
Securities Available for Sale		11,326	9,929	8,747	8,628	7,474	7,190	6,853	7,692
Securities Held to Maturity		-	-	-	-	-	-	-	-
Investment in Securities		11,326	9,929	8,747	8,628	7,474	7,190	6,853	7,692
Non-assigned Securities for Settlement		-	-	-	-	-	-	-	-
Debtor Balance in Repo Trans,net		-	-	-	-	-	-	-	-
Securities Lending		-	-	-	-	-	-	-	-
For trading purposes		-	-	-	-	-	-	-	-
For hedging purposes		-	-	-	-	-	-	-	-
Operations w/Derivatives & Securities"		-	-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-	-
Operations w/Derivatives & Securities		-	-	-	-	-	-	-	-
Valuation adjustments for Asset Coverage		-	-	-	-	-	-	-	-
Commercial Loans		7,031	7,764	7,697	8,754	9,686	9,608	10,171	11,943
Financial Intermediaries' Loans		-	-	-	-	-	-	-	-
Consumer Loans		163	172	154	155	142	138	134	149
Mortgage Loans		1,508	1,506	1,482	1,387	1,353	1,321	1,338	1,404
Government Entities' Loans		-	-	-	-	-	-	-	-
Loans granted as Federal Agent		-	-	-	-	-	-	-	-
Performing Loans		8,702	9,442	9,333	10,297	11,180	11,067	11,643	13,497
Commercial PDL's		7	23	4	1	2	1	12	11
Financial Intermediaries PDL's		-	-	-	-	-	-	-	-
Consumer PDL's		-	0	0	-	-	-	-	-
Mortgage PDL's		34	33	49	43	17	23	21	33
Government Entities PDL's		-	-	-	-	-	-	-	-
Past Due Loans		41	56	53	45	18	24	34	44
Gross Loan Portfolio		8,744	9,498	9,386	10,342	11,198	11,091	11,676	13,541
Preventive Loan Loss Reserves		69	73	77	85	90	87	90	100
Net Loan Portfolio		8,675	9,425	9,308	10,257	11,108	11,004	11,587	13,441
Acquired Collection Rights		-	-	-	-	-	-	-	-
Acquired Collection Rights, Net		-	-	-	-	-	-	-	-
Total Credit Portfolio		8,675	9,425	9,308	10,257	11,108	11,004	11,587	13,441
Premium Debtors (Net)		-	-	-	-	-	-	-	-
Account Receivables from Reinsurance		-	-	-	-	-	-	-	-
Benef.receiveab.securization transactions		-	-	-	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net		661	702	716	717	721	722	753	832
Inventories		-	-	-	-	-	-	-	-
Foreclosed Assets, Net		317	290	246	187	162	118	98	86
Real Estate, Furniture & Equipment, Net		560	582	586	581	575	565	576	625
Investment in Subsidiaries		143	142	144	144	143	141	146	160
Long-term assets held for sale		-	-	-	-	-	-	-	-
Deferred Taxes, Net		70	155	207	128	104	105	115	120
Goodwill and Intangibles		3,028	3,141	3,173	3,149	3,132	3,114	3,225	3,538
Other Assets Short and Long Term		201	168	202	96	125	121	98	84
Other Assets		-	-	-	-	-	-	-	-
		4,979	5,181	5,275	5,001	4,962	4,886	5,011	5,446
<b>TOTAL ASSETS</b>		<b>27,181</b>	<b>27,213</b>	<b>25,425</b>	<b>25,025</b>	<b>25,558</b>	<b>25,328</b>	<b>25,807</b>	<b>28,799</b>

## IV. FINANCIAL STATEMENTS



Banorte USA-Balance Sheet (Million Pesos)		1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
<b>LIABILITIES</b>									
Demand Deposits		11,761	11,461	10,697	10,887	11,483	10,979	10,680	12,562
Time Deposits-Retail		9,135	9,251	8,171	7,873	7,549	7,797	7,958	8,666
Time Deposits-Money Market		-	-	-	-	-	-	-	-
Special Funds		-	-	-	-	-	-	-	-
Senior Unsecured Debt		-	-	-	-	-	-	-	-
<b>Deposits</b>		<b>20,896</b>	<b>20,712</b>	<b>18,867</b>	<b>18,760</b>	<b>19,032</b>	<b>18,776</b>	<b>18,638</b>	<b>21,229</b>
Immediate Redemption Loans		-	-	-	-	-	-	-	-
Short Term Loans		95	112	114	112	114	105	100	111
Long Term Loans		-	-	-	-	-	6	-	-
<b>Due to Banks &amp; Correspondents</b>		<b>95</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>114</b>	<b>112</b>	<b>100</b>	<b>111</b>
Technical Reserves		-	-	-	-	-	-	-	-
Non-assigned Securities for Settlement		-	-	-	-	-	-	-	-
Creditor Balance in Repo Trans, Net		1	2	2	-	-	-	-	-
Secs to be received in Repo Trans, Net		-	-	-	-	-	-	-	-
Repos (Credit Balance)		-	-	-	-	-	-	-	-
Securities' Loans		-	-	-	-	-	-	-	-
Transactions with Derivatives		-	-	-	-	-	-	-	-
Other sold collateral		-	-	-	-	-	-	-	-
<b>Total Collateral sold</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
For trading purposes		-	-	-	-	-	-	-	-
For hedging purposes		-	-	-	-	-	-	-	-
Operations w/ Derivatives & Securities		-	-	-	-	-	-	-	-
<b>Transactions with Derivatives</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operations w/ Derivatives &amp; Securities</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Valuation adjustments for financial liability coverage		-	-	-	-	-	-	-	-
Obligations in securitization transactions		-	-	-	-	-	-	-	-
Payable Accounts for Reinsurance		-	-	-	-	-	-	-	-
Income Tax Payable		43	30	21	28	24	12	59	43
Profit Sharing Payable		-	-	-	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-	-
Creditors for settlement of transactions		-	-	-	-	-	-	-	-
Margin Accounts Payable		-	-	-	-	-	-	-	-
Other Creditors & Accounts Payable		387	432	431	404	433	430	761	419
<b>Other Payable Accounts</b>		<b>430</b>	<b>462</b>	<b>452</b>	<b>432</b>	<b>457</b>	<b>441</b>	<b>820</b>	<b>461</b>
Subordinated Non Convertible Debt		255	269	272	270	269	267	277	304
Deferred Taxes, Net		-	-	-	-	-	-	-	-
Deferred Credits		15	19	18	26	30	33	38	51
<b>TOTAL LIABILITIES</b>		<b>21,692</b>	<b>21,575</b>	<b>19,724</b>	<b>19,600</b>	<b>19,901</b>	<b>19,630</b>	<b>19,874</b>	<b>22,156</b>
<b>EQUITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Paid-in Capital		4,668	4,690	4,690	4,690	4,690	4,690	4,690	4,690
Provision for future capital increase not formalized by its governing entity		-	-	-	-	-	-	-	-
Share Subscription Premiums		-	-	-	-	-	-	-	-
Subordinated Convertible Debentures		-	-	-	-	-	-	-	-
<b>Subscribed Capital</b>		<b>4,668</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>	<b>4,690</b>
Capital Reserves		-	-	-	-	-	-	-	-
Retained Earnings		601	586	586	586	749	749	749	749
Surplus (Deficit) of Secs Available for Sale		144	(20)	(44)	(313)	(142)	(114)	(141)	(85)
Results from Valuation of Hedging Secs		-	-	-	-	-	-	-	-
Results from Conversions		34	301	350	299	307	274	476	1,075
Surplus (Deficit) in Capital Restatement		-	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets		-	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets		-	-	-	-	-	-	-	-
Adjustments in the Employee's Pensions		-	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes		-	-	-	-	-	-	-	-
Net Income		41	80	119	163	52	98	159	214
<b>Earned Capital</b>		<b>821</b>	<b>948</b>	<b>1,011</b>	<b>736</b>	<b>967</b>	<b>1,008</b>	<b>1,243</b>	<b>1,953</b>
Minority Interest		-	-	-	-	-	-	-	-
<b>Total Equity</b>		<b>5,489</b>	<b>5,637</b>	<b>5,701</b>	<b>5,425</b>	<b>5,657</b>	<b>5,698</b>	<b>5,933</b>	<b>6,643</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>27,181</b>	<b>27,213</b>	<b>25,425</b>	<b>25,025</b>	<b>25,558</b>	<b>25,328</b>	<b>25,807</b>	<b>28,799</b>

Banorte USA - Memorandum Accounts								
	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
(Million Pesos)								
Investment banking transactions for third parties, net	-	-	-	-	-	-	-	-
<b>TOTAL ON BEHALF OF THIRD PARTIES</b>	-	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>								
Endorsement Guarantees Granted	-	-	-	-	-	-	-	-
Loan Obligations	11	5	6	6	12	13	7	8
Trusts	-	-	-	-	-	-	-	-
Mandates	-	-	-	-	-	-	-	-
Properties in Trusts and Warrant	-	-	-	-	-	-	-	-
Properties in Custody or Administration	-	-	-	-	-	-	-	-
Collateral Received	-	-	-	-	-	-	-	-
Collateral Received or sold	-	-	-	-	-	-	-	-
Drafts in Transit	-	-	-	-	-	-	-	-
Deposits of assets	-	-	-	-	-	-	-	-
Letters of Credit to the Corporation as Guarantee	-	-	-	-	-	-	-	-
Securities to the Corporation for Custody	-	-	-	-	-	-	-	-
Government Secs of the Corp under Custody	-	-	-	-	-	-	-	-
Securities of the Corp given as Guarantee	-	-	-	-	-	-	-	-
Securities of the Corp Abroad	-	-	-	-	-	-	-	-
Settlement with FX of the Corp Abroad	-	-	-	-	-	-	-	-
Debts with the Contingency Fund	-	-	-	-	-	-	-	-
Contingent Assets & liabilities	-	-	-	-	-	-	-	-
Uncollected Accrued Interest from Past Due Loans	-	-	-	-	-	-	-	-
Investments of Retirement Savings Funds	-	-	-	-	-	-	-	-
Integration of the Credit Portfolio	-	-	-	-	-	-	-	-
Amounts Contracted in Derivatives	-	-	-	-	-	-	-	-
Other Registration Accounts	-	-	-	-	-	-	-	-
<b>Proprietary Transactions</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>13</b>	<b>7</b>	<b>8</b>
Repo Securities to be Received	-	-	-	-	-	-	-	-
(Minus) Repo Creditors	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
Repo Debtors	-	-	-	-	-	-	-	-
(Minus) Repo Securities to be Delivered	-	-	-	-	-	-	-	-
<b>Net Repo Transactions</b>	-	-	-	-	-	-	-	-
<b>TOTAL PROPRIETARY</b>	<b>11</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>12</b>	<b>13</b>	<b>7</b>	<b>8</b>

## INFORMATION BY SEGMENTS

GFNorte - Income Statement as of December '14 (Million Pesos)							
	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Interest Income	93	58,593	2,170	65	501	4,536	9,532
Premium Income (Net)	-	-	-	-	11,184	8,048	-
Interest Expense	-	20,003	1,303	0	-	-	9,000
Net Increase in Technical Reserves	-	-	-	-	761	8,894	-
Damages, Claims and Other Obligations	-	-	-	-	6,639	3,020	-
<b>Net Interest Income (NII)</b>	<b>93</b>	<b>38,589</b>	<b>867</b>	<b>65</b>	<b>4,286</b>	<b>670</b>	<b>531</b>
Preventive Provisions for Loan Losses	-	11,107	53	-	-	-	-
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>93</b>	<b>27,482</b>	<b>814</b>	<b>65</b>	<b>4,286</b>	<b>670</b>	<b>531</b>
Loan Origination Fees	-	11,723	54	-	-	-	1,173
Fees Paid	0	3,091	92	0	1,501	-	71
Trading Income	-	3,859	-	1	11	8	559
Other Operating Income (Expenses)	1	2,478	63	28	592	3	(107)
<b>Non Interest Income</b>	<b>1</b>	<b>14,969</b>	<b>25</b>	<b>29</b>	<b>(898)</b>	<b>11</b>	<b>1,554</b>
<b>Total Operating Income</b>	<b>94</b>	<b>42,451</b>	<b>840</b>	<b>94</b>	<b>3,387</b>	<b>680</b>	<b>2,085</b>
Administrative and Promotional Expenses	113	27,037	137	33	845	280	969
<b>Operating Income</b>	<b>(20)</b>	<b>15,414</b>	<b>703</b>	<b>61</b>	<b>2,543</b>	<b>401</b>	<b>1,116</b>
Subsidiaries' Net Income	15,246	1,242	-	-	(0)	3	1
<b>Pre-Tax Income</b>	<b>15,226</b>	<b>16,655</b>	<b>703</b>	<b>61</b>	<b>2,543</b>	<b>404</b>	<b>1,117</b>
Income Tax	-	6,874	2	17	778	0	331
Deferred Income Tax	(127)	(2,154)	(0)	(1)	3	128	(52)
<b>Net Income from Continuous Operations</b>	<b>15,354</b>	<b>11,936</b>	<b>702</b>	<b>45</b>	<b>1,762</b>	<b>276</b>	<b>837</b>
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	(0)	(1)	(0)	(3)	-	-
<b>Net Income</b>	<b>15,354</b>	<b>11,936</b>	<b>700</b>	<b>45</b>	<b>1,759</b>	<b>276</b>	<b>837</b>

GFNorte - Income Statement as of December '14 (Million Pesos)							
	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de Portafolios	Total	Charges	Credits	Final Balance
Interest Income	3	1	253	75,747	3,232	64	72,579
Premium Income (Net)	-	-	-	19,232	540	-	18,693
Interest Expense	-	-	516	30,822	-	2,961	27,861
Net Increase in Technical Reserves	-	-	-	9,655	-	-	9,655
Damages, Claims and Other Obligations	-	-	-	9,659	-	-	9,659
<b>Net Interest Income (NII)</b>	<b>3</b>	<b>1</b>	<b>(263)</b>	<b>44,842</b>	<b>-</b>	<b>-</b>	<b>44,096</b>
Preventive Provisions for Loan Losses	-	-	201	11,361	-	166	11,196
<b>Net Interest Income Adjusted for Credit Risk</b>	<b>3</b>	<b>1</b>	<b>(464)</b>	<b>33,481</b>	<b>-</b>	<b>(166)</b>	<b>32,900</b>
Loan Origination Fees	1,114	6	208	14,278	1,458	-	12,820
Fees Paid	942	0	0	5,697	-	1,429	4,268
Trading Income	1	-	(26)	4,413	-	7	4,420
Other Operating Income (Expenses)	(3)	3	394	3,451	200	9	3,260
<b>Non Interest Income</b>	<b>171</b>	<b>9</b>	<b>576</b>	<b>16,446</b>	<b>1,657</b>	<b>(1,414)</b>	<b>16,233</b>
<b>Total Operating Income</b>	<b>174</b>	<b>10</b>	<b>112</b>	<b>49,927</b>	<b>1,657</b>	<b>(1,579)</b>	<b>49,133</b>
Administrative and Promotional Expenses	44	7	344	29,808	806	1,383	29,232
<b>Operating Income</b>	<b>130</b>	<b>3</b>	<b>(231)</b>	<b>20,119</b>	<b>-</b>	<b>-</b>	<b>19,901</b>
Subsidiaries' Net Income	3	-	(26)	16,469	15,249	-	1,220
<b>Pre-Tax Income</b>	<b>133</b>	<b>3</b>	<b>(257)</b>	<b>36,588</b>	<b>-</b>	<b>-</b>	<b>21,121</b>
Income Tax	37	0	-	8,040	-	-	8,040
Deferred Income Tax	1	1	(78)	(2,280)	2	94	(2,372)
<b>Net Income from Continuous Operations</b>	<b>94</b>	<b>2</b>	<b>(178)</b>	<b>30,827</b>	<b>-</b>	<b>-</b>	<b>15,453</b>
Extraordinary Items, net	-	-	-	-	-	-	-
Minority Interest	-	-	-	(4)	221	-	(225)
<b>Net Income</b>	<b>94</b>	<b>2</b>	<b>(178)</b>	<b>30,823</b>	<b>21,704</b>	<b>5,788</b>	<b>15,228</b>

## GFNorte - Balance Sheet as of December 31 '14

(Million Pesos)

ASSETS	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
Cash and Due from Banks	99	73,622	22	9	69	2	1,100
Margin Accounts	-	45	-	-	-	-	-
Investment in Securities	-	260,475	-	37	11,145	60,302	100,125
Negotiable Instruments	-	172,478	-	20	4,760	1,207	70,512
Securities Available for Sale	-	77,511	-	17	-	-	27,781
Securities Held to Maturity	-	10,486	-	-	6,385	59,095	1,832
Debtor Balance in Repo Trans, net	500	1	-	-	870	-	-
Securities Lending	-	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	16,510	-	-	-	-	-
Transactions with Derivatives For hedging purposes	-	86	-	-	-	-	-
Gross Loan Portfolio	-	464,497	18,806	-	-	-	-
Net Loan Portfolio	-	462,979	18,806	-	-	-	-
Performing Loans	-	463,784	18,933	-	-	-	-
Commercial Loans	-	173,857	17,332	-	-	-	-
Financial Intermediaries' Loans	-	17,703	288	-	-	-	-
Government Entities' Loans	-	117,655	1,307	-	-	-	-
Consumer Loans	-	64,652	6	-	-	-	-
Mortgage Loans	-	89,918	-	-	-	-	-
Past Due Loans	-	13,912	181	-	-	-	-
Commercial PDL's	-	10,272	181	-	-	-	-
Financial Intermediaries PDL's	-	1	-	-	-	-	-
Government Entities PDL's	-	-	-	-	-	-	-
Consumer PDL's	-	2,353	0	-	-	-	-
Mortgage PDL's	-	1,286	-	-	-	-	-
Preventive Loan Loss Reserves	-	14,718	309	-	-	-	-
Acquired Collection Rights	-	1,518	-	-	-	-	-
Account Receivables from Insurance and Annuities	-	-	-	-	1,048	886	-
Premium Debtors (Net)	-	-	-	-	3,997	505	-
Account Receivables from Reinsurance	-	-	-	-	5,967	-	-
Benef.receiveivab.securization transactions	-	587	-	-	-	-	-
Sundry Debtors & Other Accs Rec, Net	63	15,662	410	76	-	-	492
Inventories	-	-	-	922	-	-	-
Foreclosed Assets, Net	-	2,260	8	-	-	-	-
Real Estate, Furniture & Equipment, Net	-	10,119	2,123	71	271	3	52
Investment in Subsidiaries	109,558	13,592	-	-	1	30	11
Deferred Taxes, Net	131	2,569	24	1	100	-	25
Total other Assets	10,840	14,740	229	11	685	1	248
Goodwill	9,702	4,493	-	-	-	-	-
Intangible	1,138	6,505	229	1	617	0	37
Other Assets	-	3,742	-	10	68	1	211
<b>TOTAL ASSETS</b>	<b>121,191</b>	<b>874,908</b>	<b>21,623</b>	<b>1,127</b>	<b>24,153</b>	<b>61,729</b>	<b>102,053</b>

GFNorte - Balance Sheet as of December 31 '14							
(Million Pesos)							
ASSETS	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de	Total	Charges	Credits	Final Balance
Cash and Due from Banks	148	31	163	75,266	237	1,665	73,838
Margin Accounts	-	-	-	45	-	-	45
Investment in Securities	-	-	-	432,085	175	611	431,649
Negotiable Instruments	-	-	-	248,976	-	-	248,976
Securities Available for Sale	-	-	-	105,310	-	374	104,937
Securities Held to Maturity	-	-	-	77,799	175	237	77,736
Debtor Balance in Repo Trans, net	-	-	-	1,371	-	500	871
Securities Lending	-	-	-	-	-	-	-
Transactions with Derivatives For trading purposes	-	-	-	16,510	-	-	16,510
Transactions with Derivatives For hedging purposes	-	-	-	86	-	-	86
Valuation adjustments for Asset Coverage	-	-	-	143	-	-	143
Gross Loan Portfolio	-	-	5,132	488,434	1,335	16,010	473,759
Net Loan Portfolio	-	-	3,665	485,449	956	15,632	470,774
Performing Loans	-	-	3,713	486,431	865	15,528	471,768
Commercial Loans	-	-	-	191,189	759	759	191,189
Financial Intermediaries' Loans	-	-	-	17,991	-	14,675	3,316
Government Entities' Loans	-	-	-	118,962	11	11	118,962
Consumer Loans	-	-	3,713	68,371	68	56	68,383
Mortgage Loans	-	-	-	89,918	27	27	89,918
Past Due Loans	-	-	213	14,306	91	103	14,293
Commercial PDL's	-	-	196	10,649	39	39	10,649
Financial Intermediaries PDL's	-	-	-	1	-	-	1
Government Entities PDL's	-	-	-	-	-	-	-
Consumer PDL's	-	-	17	2,370	9	9	2,370
Mortgage PDL's	-	-	-	1,286	43	56	1,274
Preventive Loan Loss Reserves	-	-	260	15,287	-	-	15,287
Acquired Collection Rights	-	-	1,466	2,984	379	379	2,984
Account Receivables from Insurance and Annuities	-	-	-	1,934	-	-	1,934
Premium Debtors (Net)	-	-	-	4,502	-	-	4,502
Account Receivables from Reinsurance	-	-	-	5,967	-	-	5,967
Benef.receiveab.securization transactions	-	-	-	587	-	-	587
Sundry Debtors & Other Accs Rec, Net	131	6	10,074	26,913	64	332	26,646
Inventories	-	-	-	922	-	-	922
Foreclosed Assets, Net	-	-	464	2,731	201	201	2,731
Real Estate, Furniture & Equipment, Net	0	104	5	12,748	212	115	12,845
Investment in Subsidiaries	90	-	320	123,602	767	110,453	13,916
Deferred Taxes, Net	-	1	116	2,968	336	992	2,311
Total other Assets	1	5	570	27,330	2,696	1,307	28,719
Goodwill	-	-	-	14,194	2,693	1,117	15,771
Intangible	1	5	570	9,104	-	178	8,926
Other Assets	0	-	-	4,032	3	13	4,022
<b>TOTAL ASSETS</b>	<b>371</b>	<b>147</b>	<b>16,843</b>	<b>1,224,146</b>	<b>6,023</b>	<b>132,187</b>	<b>1,097,982</b>

## IV. FINANCIAL STATEMENTS



### GFNorte - Balance Sheet as of December 31 '14

(Million Pesos)

LIABILITIES	Holding	Banorte	Arrendadora y Factor	Almacenadora	Seguros	Pensiones	Casa de Bolsa Banorte Ixe
<b>Deposits</b>	-	498,697	896	-	-	-	-
<b>Demand Deposits</b>	-	300,282	-	-	-	-	-
<b>Time Deposits</b>	-	193,905	-	-	-	-	-
Time Deposits-Retail	-	185,461	-	-	-	-	-
Time Deposits-Money Market	-	8,444	-	-	-	-	-
<b>Senior Unsecured Debt</b>	-	4,510	896	-	-	-	-
<b>Due to Banks &amp; Correspondents</b>	-	14,774	16,263	893	-	-	-
Immediate Redemption Loans	-	0	-	-	-	-	-
Short Term Loans	-	10,700	11,334	893	-	-	-
Long Term Loans	-	4,073	4,929	-	-	-	-
<b>Technical Reserves</b>	-	-	-	-	13,629	59,879	-
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	208,362	-	-	-	-	98,740
<b>Secs to be received in Repo Trans, Net</b>	-	-	-	-	-	-	-
<b>Collateral sold or pledged as collateral</b>	-	154	-	-	-	-	-
<b>Transactions with Derivatives for trading purposes</b>	-	17,271	-	-	-	-	-
<b>Transactions with Derivatives for hedging purposes</b>	-	4,020	-	-	-	-	-
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	-	-	1,619	-	-
<b>Other Payable Accounts</b>	1	18,988	597	16	3,692	123	737
Income Tax Payable	-	4,459	2	4	777	-	133
Profit Sharing Payable	-	373	-	-	-	-	-
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	3,072	-	-	-	-	255
Acreedores Por Colaterales Recibidos En Efectivo	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	1	11,084	596	12	2,915	123	348
<b>Subordinated Non Convertible Debt</b>	-	16,468	-	-	-	-	-
<b>Deferred Taxes, Net</b>	-	-	-	-	-	353	-
<b>Deferred Credits</b>	-	1,384	131	-	119	-	-
<b>TOTAL LIABILITIES</b>	1	780,117	17,888	909	19,059	60,355	99,477
<b>EQUITY</b>							
<b>Subscribed Capital</b>	50,983	31,173	526	87	709	325	1,429
Paid-in Capital	14,648	20,074	526	87	709	325	1,354
Share Subscription Premiums	36,334	11,099	-	-	-	-	75
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-	-
<b>Earned Capital</b>	70,208	63,608	3,204	131	4,356	1,049	1,148
Capital Reserves	6,657	8,968	429	39	540	149	82
Retained Earnings	48,429	43,201	2,075	43	1,983	628	15
Surplus (Deficit) of Secs Available for Sale	605	510	-	4	74	(3)	164
Results from Valuation of Hedging Secs	(762)	(869)	-	-	-	-	-
Results from Conversions	(75)	(138)	-	-	-	-	51
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Results of Non Monetary Assets	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	15,354	11,936	700	45	1,759	276	837
Capital Mayoritario	121,191	94,782	3,730	218	5,065	1,375	2,577
Minority Interest	-	10	5	0	30	-	-
<b>Total Equity</b>	121,191	94,791	3,735	218	5,094	1,375	2,577
<b>TOTAL LIABILITIES &amp; EQUITY</b>	121,191	874,908	21,623	1,127	24,153	61,729	102,053



## IV. FINANCIAL STATEMENTS



### GFNorte - Balance Sheet as of December 31 '14

(Million Pesos)

LIABILITIES	Operadora de Fondos Banorte Ixe	IXE Servicios	Sólida Administradora de	Total	Charges	Credits	Final Balance
<b>Deposits</b>	-	-	-	499,593	1,671	-	497,922
<b>Demand Deposits</b>	-	-	-	300,282	1,430	-	298,852
<b>Time Deposits</b>	-	-	-	193,905	241	-	193,664
Time Deposits-Retail	-	-	-	185,461	241	-	185,220
Time Deposits-Money Market	-	-	-	8,444	-	-	8,444
<b>Senior Unsecured Debt</b>	-	-	-	5,406	-	-	5,406
<b>Due to Banks &amp; Correspondents</b>	-	-	12,830	44,759	14,683	8	30,084
Immediate Redemption Loans	-	-	-	0	-	-	0
Short Term Loans	-	-	12,830	35,757	14,675	-	21,082
Long Term Loans	-	-	-	9,002	8	8	9,002
<b>Technical Reserves</b>	-	-	-	73,508	-	185	73,693
<b>Non-assigned Securities for Settlement</b>	-	-	-	-	-	-	-
<b>Creditor Balance in Repo Trans, Net</b>	-	-	-	307,102	500	-	306,602
<b>Secs to be received in Repo Trans, Net</b>	-	-	-	-	-	-	-
<b>Collateral sold or pledged as collateral</b>	-	-	-	154	-	-	154
<b>Transactions with Derivatives for trading purposes</b>	-	-	-	17,271	-	-	17,271
<b>Transactions with Derivatives for hedging purposes</b>	-	-	-	4,020	-	-	4,020
<b>Valuation adjustments for financial liability coverage</b>	-	-	-	-	-	-	-
<b>Payable Accounts for Reinsurance</b>	-	-	-	1,619	-	-	1,619
<b>Other Payable Accounts</b>	149	1	64	24,368	405	57	24,019
Income Tax Payable	5	-	-	5,380	-	-	5,380
Profit Sharing Payable	-	1	-	373	-	-	373
Provision for future capital increase not formalized by its governing entity	-	-	-	-	-	-	-
Creditors for settlement of transactions	-	-	-	3,327	103	-	3,224
Acreedores Por Colaterales Recibidos En Efectivo	-	-	-	-	-	-	-
Other Creditors & Accounts Payable	144	1	64	15,287	302	57	15,041
<b>Subordinated Non Convertible Debt</b>	-	-	-	16,468	-	-	16,468
<b>Deferred Taxes, Net</b>	0	-	-	353	992	639	-
<b>Deferred Credits</b>	-	-	2	1,637	178	-	1,459
<b>TOTAL LIABILITIES</b>	149	1	12,897	990,851	18,430	889	973,311
<b>EQUITY</b>							
<b>Subscribed Capital</b>	112	144	2,926	88,415	37,903	322	50,833
Paid-in Capital	112	144	2,926	40,907	26,275	-	14,632
Share Subscription Premiums	-	-	-	47,508	11,628	322	36,201
Contributions for future capital increases agreed by the governing body	-	-	-	-	-	-	-
<b>Earned Capital</b>	109	1	1,020	144,835	75,969	3,222	72,089
Capital Reserves	15	2	117	16,998	10,340	-	6,657
Retained Earnings	1	(3)	1,081	97,454	50,170	3,122	50,407
Surplus (Deficit) of Secs Available for Sale	-	-	-	1,354	720	-	634
Results from Valuation of Hedging Secs	-	-	-	(1,631)	(869)	-	(762)
Results from Conversions	-	-	-	(162)	(87)	-	(75)
Surplus (Deficit) in Capital Restatement	-	-	-	-	-	-	-
Results of Non Monetary Assets	-	-	-	-	-	-	-
Results of Non Monetary Fixed Assets	-	-	-	-	-	-	-
Results of Non Monetary - Investment Assets	-	-	-	-	-	-	-
Accumulated Effect of Deferred Taxes	-	-	-	-	-	-	-
Net Income	94	2	(178)	30,823	15,695	100	15,228
Capital Mayoritario	222	145	3,946	233,250	113,872	3,544	122,922
Minority Interest	0	-	-	45	29	1,734	1,750
<b>Total Equity</b>	222	145	3,946	233,295	113,902	5,278	124,672
<b>TOTAL LIABILITIES &amp; EQUITY</b>	371	147	16,843	1,224,146	132,331	6,167	1,097,982

**ACCOUNTING CHANGES AND REGULATIONS**

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

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

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

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

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

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

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

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

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

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

Pursuant to that resolution, the Institution decided to apply the formerly mentioned methodology with figures as of June 30, 2013, consequently the Institution recognized Ps 3.95 billion, in the heading of retained earnings of prior years, within stockholders' equity, corresponding to the initial cumulative financial effect derived from the application of the new rating methodologies for commercial loans, excluding loans granted to financial institutions which will be adopted until January 2014 according to the regulation.

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

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

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

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

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

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

- **NIF B-10 Bulletin “Inflation Effects”.**

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

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

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

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

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

- 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 transactions, or capitalized interests is not considered as payment.

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

**Transfer to Past Due Loan**

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

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

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

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

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

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

As of December 31, 2014, the total amount of the Federal Government's payment obligations with respect to commercial loans amounted to \$28 million, which includes \$27 million corresponding to the conditioned discount portion derived from loans denominated in local currency and in UDIS, and \$1 million related to the discount applied to loans referred to in number 3.1.2 of Circular 1430.

As of December 31, 2014, the Federal Government's obligations under the Agreement were:

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

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

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

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

During 2014 \$8 million were recognized as results in relation to the end point support program.

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

The amount corresponding to the repurchase of SPECIAL CETES was \$97 million; the outstanding balance of SPECIAL CETES that has not been repurchased by the Federal Government as of December 31, 2014 is \$885 million with maturities between 2017 and 2027.

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

- **Special accounting treatment as part of Banco Mercantil del Norte's support program to help victims of Hurricane "Odile".**

Because flooding caused by Hurricane Odile has had a devastatingly negative impact on the region's economy, the institution has decided to support the economic recovery of the affected regions whose municipalities have been declared disaster areas by the Diario Oficial de la Federacion and by Secretaria Gobernacion, through the implementation of various support programs to loan holders as follows:

Support for mortgages, payroll, Crediactivo (SMEs) and car loans consists of:

- Mortgages. Provisions are available to cover up to 3 mortgage payments with a personal loan at the same rate as the mortgage and without any origination fee, for up to the sum of the 3 payments and terms of 36 and 48 months, at the client's option.
- Car loans. Deferral of up to three monthly installments, which will be added to the end of the term extending the original term by an additional 7 months.
- Payroll loans. Deferral of up to three monthly payments, which will be added to the end of the term extending the original term by 7 months.
- Crediactivo (SMEs). Clients will be able to defer 3 monthly installments through the formalization of an agreement, deferred payments will be added to the end of the term without affecting the original loan term, i.e. the client will have to pay double the installment amount for the last 3 months of the loan.

As a result of the aforementioned, the Comisión Nacional Bancaria y de Valores (National Banking and Securities Commission), issued a special accounting criteria, Document No. P110/2014, applicable to the Institution as of September 19, 2014 for up to 120 days after the event, which authorizes the Institution to consider those performing loans at the date of the incident which qualified for deferment of capital and interest payments in accordance with the Plan, not to be considered as restructured loans as established by Paragraph 56 of Criterion B-6 "Loan Portfolio", and for these same loans to remain classified as performing loans during the term set in this Plan. Therefore, these loans are considered part of the performing loan portfolio for the determination of the estimated loan loss reserves.

Had the authorized special accounting criteria not been applied, the amounts of the portfolio balance sheet that the Institution would have presented in the Balance Sheet on December 31, 2014, would have been:

#### **PERFORMING LOAN PORTFOLIO**

Commercial loans	
Business or Corporate Activity	\$191,187
Financial Entities	3,316
Governmental Entities	118,962
Consumer loans	68,328
Mortgages	89,918
<b>TOTAL PERFORMING LOAN PORTFOLIO</b>	<b>471,711</b>

#### **PAST DUE LOAN PORTFOLIO**

Commercial loans	
Business or Corporate Activity	10,651
Financial Entities	1
Governmental Entities	0
Consumer loans	2,425
Mortgages	1,274
<b>TOTAL PAST DUE LOANS</b>	<b>14,351</b>

<b>LOAN PORTFOLIO</b>	<b>486,062</b>
(Less) ESTIMATED LOAN LOSS PROVISIONS	-15,287
<b>LOAN PORTFOLIO, net</b>	<b>470,775</b>
<b>AQUIRED COLLECTION RIGHTS</b>	<b>2,984</b>
<b>TOTAL LOAN PORTFOLIO, net</b>	<b>\$473,759</b>

End of year results will not be modified as a result of providing of support to borrowers.

Deferred payments to December 31, 2014, are as follows:

Amount Deferred

Commercial loans	\$ 1
Consumer loans	\$ 8

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

### LOAN PORTFOLIO SALES TO SOLIDA ADMINISTRADORA DE PORTAFOLIOS

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

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

(Million of Nominal Pesos)	Local Currency			Foreign Currency (USD)			Total		
	aug-02	sep-14	dec-14	aug-02	sep-14	dec-14	aug-02	sep-14	dec-14
<b>Performing Loans</b>									
Commercial	5	0	0	5	0	0	10	0	0
Mortgage	54	23	23	0	0	0	54	23	23
<b>Total</b>	<b>59</b>	<b>23</b>	<b>23</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>23</b>	<b>23</b>
<b>Non Performing Loans</b>									
Commercial	405	287	251	293	113	111	698	399	362
Consumer	81	72	71	0	0	0	81	72	71
Mortgage	1,112	231	227	0	0	0	1,112	231	227
<b>Total</b>	<b>1,598</b>	<b>589</b>	<b>550</b>	<b>293</b>	<b>113</b>	<b>111</b>	<b>1,891</b>	<b>702</b>	<b>660</b>
<b>TOTAL LOANS</b>	<b>1,657</b>	<b>612</b>	<b>572</b>	<b>298</b>	<b>113</b>	<b>111</b>	<b>1,955</b>	<b>725</b>	<b>683</b>
<b>Loan Loss Reserves (1)</b>									
Commercial	326	287	251	246	113	111	572	399	362
Consumer	77	72	71	0	0	0	77	72	71
Mortgage	669	242	238	0	0	0	669	242	238
<b>Total</b>	<b>1,072</b>	<b>601</b>	<b>561</b>	<b>246</b>	<b>113</b>	<b>111</b>	<b>1,318</b>	<b>713</b>	<b>672</b>

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

(\*) There was a Reserve deficit of Ps 2 million as of December 2014.

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

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

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

In 4Q14 the Loan portfolio showed changes due to: collections of Ps 2.98 million, foreclosed assets of Ps 0.78 million, restructurings of Ps 0.44 million and there were charge offs and discounts of Ps. 30.79 million. In the Loan loss provisions, there were charge offs and discounts of Ps 2.91 million. There were transfers from performing loans to past due loans of Ps 0.20 million and transfers from past due loans to performing loans of Ps 0.23 million.

## VI. LOAN PORTFOLIO SALES TO SOLIDA



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

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

(Million of Nominal Pesos)	Local Currency (1)		Foreign Currency (USD) (2)		Total	
	sep-14	dec-14	sep-14	dec-14	sep-14	dec-14
<b>Performing Loans</b>						
Commercial	270,258	286,398	22,717	28,387	292,975	314,785
Consumer	41,626	42,321	0	0	41,626	42,321
Mortgage	85,665	88,537	0	0	85,665	88,537
<b>Performing Loans</b>	<b>397,549</b>	<b>417,256</b>	<b>22,717</b>	<b>28,387</b>	<b>420,266</b>	<b>445,643</b>
<b>Non Performing Loans</b>						
Commercial	10,882	10,428	523	196	11,405	10,624
Consumer	1,111	1,132	0	0	1,111	1,132
Mortgage	1,459	1,480	0	0	1,459	1,480
<b>Non Performing Loans</b>	<b>13,453</b>	<b>13,039</b>	<b>523</b>	<b>196</b>	<b>13,976</b>	<b>13,235</b>
<b>TOTAL LOANS</b>	<b>411,002</b>	<b>430,295</b>	<b>23,240</b>	<b>28,583</b>	<b>434,242</b>	<b>458,878</b>
<b>Loan Loss Reserves</b>	<b>12,216</b>	<b>12,112</b>	<b>657</b>	<b>360</b>	<b>12,873</b>	<b>12,472</b>
<b>Net Loan Portfolio</b>	<b>398,786</b>	<b>418,183</b>	<b>22,583</b>	<b>28,223</b>	<b>421,369</b>	<b>446,406</b>
<b>Loan Loss Reserves</b>					<b>92%</b>	<b>94%</b>
<b>% Past Due Loans</b>					<b>3.22%</b>	<b>2.88%</b>

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



FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q14				
(Million Pesos)				
Negotiable Instruments	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>200,905</b>	<b>474</b>	<b>(55)</b>	<b>201,324</b>
<b>Unrestricted</b>	<b>6,124</b>	<b>16</b>	<b>19</b>	<b>6,159</b>
CETES (Special)	-	-	-	-
CETES	442	5	0	447
BONDES	2,422	2	1	2,424
BPA	475	2	1	477
BREMS	-	-	-	-
Bonds	1,727	5	15	1,748
CBIC	-	-	-	-
Udibonds	1,005	1	2	1,008
UMS	53	1	0	54
Treasury Bonds	-	-	-	-
Treasury Notes	-	(0)	-	(0)
Other Government Securities	-	-	-	-
<b>Restricted</b>	<b>194,781</b>	<b>458</b>	<b>(74)</b>	<b>195,165</b>
CETES (Special)	-	-	-	-
CETES	2,209	-	(0)	2,209
BONDES	58,441	65	(39)	58,467
BPA	133,379	393	(35)	133,736
BREMS	-	-	-	-
Bonds	612	1	(0)	612
CBIC	-	-	-	-
Udibonds	140	0	0	141
UMS	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	0	-	-	0
<b>Banking Securities</b>	<b>34,905</b>	<b>36</b>	<b>25</b>	<b>34,965</b>
<b>Unrestricted</b>	<b>5,689</b>	<b>1</b>	<b>(1)</b>	<b>5,690</b>
Notes	5,025	0	(0)	5,025
CEDES	51	0	0	51
Stock Certificates	449	1	(0)	450
Structured Notes	-	-	-	-
Other Banking Securities	164	-	-	164
<b>Restricted</b>	<b>29,216</b>	<b>34</b>	<b>25</b>	<b>29,275</b>
Notes	5,945	-	1	5,947
CEDES	3,935	4	0	3,940
Stock Certificates	18,765	29	23	18,817
Structured Notes	-	-	-	-
Other Banking Securities	570	1	0	572
<b>Private Securities</b>	<b>12,431</b>	<b>20</b>	<b>236</b>	<b>12,687</b>
<b>Unrestricted</b>	<b>1,346</b>	<b>2</b>	<b>224</b>	<b>1,572</b>
Stock Certificates	461	1	(5)	457
PEMEX Bonds	3	0	0	3
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	158	1	6	165
GFNORTE stocks	-	-	-	-
BMV stocks	217	-	145	361
Mutual Funds stocks	457	-	81	539
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	51	-	(3)	48
<b>Restricted</b>	<b>11,085</b>	<b>18</b>	<b>12</b>	<b>11,115</b>
Stock Certificates	8,394	15	14	8,422
PEMEX Bonds	2,674	3	(2)	2,675
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	-	-	-	-
GFNORTE stocks	-	-	-	-
BMV stocks	17	-	0	17
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Total</b>	<b>248,241</b>	<b>530</b>	<b>205</b>	<b>248,976</b>

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q14				
(Million Pesos)				
Securities Held for Sale	Book Value	Interest	Unrealized gain (loss)	Market Value
<b>Government Securities</b>	<b>76,472</b>	<b>1,055</b>	<b>446</b>	<b>77,973</b>
<b>Unrestricted</b>	<b>14,698</b>	<b>230</b>	<b>135</b>	<b>15,063</b>
CETES (Special)	-	-	-	-
CETES	83	-	(0)	83
BONDES	99	0	(0)	99
BPA	130	0	(0)	130
BREMS	-	-	-	-
Bonds	252	1	(11)	242
CBIC	31	1	6	37
Udibonds	-	-	-	-
UMS	5,664	204	262	6,130
Treasury Bonds	-	-	-	-
Treasury Notes	665	5	(20)	650
Other Government Securities	7,775	19	(102)	7,692
<b>Restricted</b>	<b>61,774</b>	<b>826</b>	<b>311</b>	<b>62,910</b>
CETES (Special)	-	-	-	-
CETES	98	-	(0)	98
BONDES	0	0	-	0
BPA	60,923	824	318	62,064
BREMS	-	-	-	-
Bonds	753	2	(6)	748
CBIC	-	-	-	-
Udibonds	-	-	-	-
UMS	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Banking Securities</b>	<b>2,133</b>	<b>2</b>	<b>(98)</b>	<b>2,038</b>
<b>Unrestricted</b>	<b>684</b>	<b>0</b>	<b>(102)</b>	<b>583</b>
Notes	-	-	-	-
CEDES	-	-	-	-
Stock Certificates	-	-	-	-
Structured Notes	684	0	(102)	583
Other Banking Securities	-	-	-	-
<b>Restricted</b>	<b>1,449</b>	<b>2</b>	<b>4</b>	<b>1,455</b>
Notes	-	-	-	-
CEDES	0	(0)	-	0
Stock Certificates	1,449	2	4	1,455
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
<b>Private Securities</b>	<b>24,214</b>	<b>347</b>	<b>365</b>	<b>24,926</b>
<b>Unrestricted</b>	<b>21,999</b>	<b>310</b>	<b>320</b>	<b>22,628</b>
Stock Certificates	3,948	23	(120)	3,851
PEMEX Bonds	8,862	270	275	9,406
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	1,900	17	43	1,960
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	7,288	-	122	7,410
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Restricted</b>	<b>2,215</b>	<b>37</b>	<b>45</b>	<b>2,298</b>
Stock Certificates	609	2	0	611
PEMEX Bonds	1,441	32	29	1,502
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	148	4	16	168
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	17	-	-	17
<b>Total</b>	<b>102,819</b>	<b>1,405</b>	<b>714</b>	<b>104,937</b>

FINANCIAL INSTRUMENTS AND VALUATION EFFECTS 4Q14				
(Million Pesos)				
Securities Held to Maturity	BOOK VALUE	INTEREST	xxxx	Market Value
<b>Government Securities</b>	<b>56,499</b>	<b>86</b>	-	<b>56,585</b>
<b>Unrestricted</b>	<b>53,213</b>	<b>74</b>	-	<b>53,286</b>
CETES (Special)	886	0	-	886
CETES	-	-	-	-
BONDES	399	0	-	399
BPA	-	-	-	-
BREMS	-	-	-	-
Bonds	1,661	4	-	1,665
CBIC	462	2	-	464
Udibonds	49,806	67	-	49,873
UMS	-	(0)	-	(0)
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
Other Government Securities	-	-	-	-
<b>Restricted</b>	<b>3,286</b>	<b>12</b>	-	<b>3,298</b>
CETES (Special)	-	-	-	-
CETES	-	-	-	-
BONDES	0	-	-	0
BPA	3,286	12	-	3,298
BREMS	-	-	-	-
Bonds	0	0	-	0
CBIC	0	0	-	0
Udibonds	0	0	-	0
UMS	-	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	-	-	-
<b>Banking Securities</b>	<b>4,432</b>	<b>1,129</b>	-	<b>5,561</b>
<b>Unrestricted</b>	<b>4,432</b>	<b>1,129</b>	-	<b>5,561</b>
Notes	1,166	-	-	1,166
CEDES	1,438	980	-	2,417
Stock Certificates	1,167	15	-	1,182
Structured Notes	449	135	-	584
Other Banking Securities	211	0	-	211
<b>Restricted</b>	<b>(0)</b>	-	-	<b>(0)</b>
Notes	-	-	-	-
CEDES	-	-	-	-
Stock Certificates	(0)	-	-	(0)
Structured Notes	-	-	-	-
Other Banking Securities	-	-	-	-
<b>Private Securities</b>	<b>15,106</b>	<b>547</b>	-	<b>15,653</b>
<b>Unrestricted</b>	<b>10,682</b>	<b>532</b>	-	<b>11,214</b>
Stock Certificates	10,495	528	-	11,024
PEMEX Bonds	-	-	-	-
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	187	4	-	190
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	-	-	-	-
<b>Restricted</b>	<b>4,424</b>	<b>15</b>	-	<b>4,439</b>
Stock Certificates	3,982	14	-	3,995
PEMEX Bonds	-	-	-	-
Commercial Paper	-	-	-	-
Corporate Bonds	-	-	-	-
Euro Bonds	-	-	-	-
GFNORTE stocks	-	-	-	-
BMV stocks	-	-	-	-
Mutual Funds stocks	-	-	-	-
CPOs	-	-	-	-
Structured Notes	-	-	-	-
Other Private Securities	443	1	-	444
Fair Value Adjustment Ixe Banco	(63)	-	-	(63)
<b>Total</b>	<b>75,974</b>	<b>1,762</b>	-	<b>77,736</b>

REPURCHASE AGREEMENT OPERATIONS 4Q14					
(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	35,642	34,772	870	-	259,716
Banking securities	1,729	1,729	0	0	28,637
Private Securities	7,798	7,950	1	154	18,248
<b>Total</b>	<b>45,169</b>	<b>44,451</b>	<b>871</b>	<b>154</b>	<b>306,602</b>

DERIVATES FINANCIAL INSTRUMENTS OPERATIONS 4Q14 (Million Pesos)	
Creditor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIIE 28 Futures	-
<b>Forward</b>	
Fx Forward	557
<b>Options</b>	
Rate options	638
Fx options	-
<b>Swaps</b>	
Rate sw ap	14,035
Fx sw ap	1,281
<b>Negotiable Total</b>	<b>16,510</b>
<b>Options</b>	
Rate Options	0
Fx options	-
<b>Swaps</b>	
Rate sw ap	37
Fx sw ap	49
<b>Hedging total</b>	<b>86</b>
<b>Position total</b>	<b>16,597</b>
Debtor Balance	
Instrument	Fair Value
<b>Futures</b>	
TIIE 28 Futures	-
<b>Forward</b>	
Fx Forward	420
<b>Options</b>	
Rate options	467
Fx options	0
<b>Swaps</b>	
Rate sw ap	13,932
Fx sw ap	2,452
<b>Negotiable Total</b>	<b>17,271</b>
<b>Swaps</b>	
Rate sw ap	1,551
Fx sw ap	2,469
<b>Hedging total</b>	<b>4,020</b>
<b>Position total</b>	<b>21,291</b>

## NOTIONAL PRINCIPAL AMOUNT IN DERIVATIVE OPERATIONS 4Q14- Banorte

*(Millones de Pesos)*

PRODUCTO	SUBYACENTE	TIPO	NOCIONAL
Forwards de Divisa	Compras	Tipo de Cambio (USD/MXN).	10,116
Forwards de Divisa	Ventas	Tipo de Cambio (USD/MXN).	6,342
Forwards de Divisa	Compras	Tipo de Cambio (CAD/MXN).	0
Forwards de Divisa	Ventas	Tipo de Cambio (CAD/MXN).	0
Forwards de Divisa	Compras	Tipo de Cambio (EUR/MXN).	0
Forwards de Divisa	Ventas	Tipo de Cambio (EUR/MXN).	0
Opciones de Divisa	Compras	Tipo de Cambio (Dólar).	0
Opciones de Divisa	Ventas	Tipo de Cambio (Dólar).	1
Opciones de Tasa	Compras	TIIE	81,192
Opciones de Tasa	Ventas	TIIE	112,440
Opciones de Tasa	Compras	LIBOR	3,125
Opciones de Tasa	Ventas	LIBOR	3,192
Swaps de Tasa	USD LIBOR	LIBOR	246,974
Swaps de Tasa	MXN TIIE	TIIE	952,651
Swaps de Tasa y Divisa	CS USDMXN	FUJO/VARIABLE	24,155
Swaps de Tasa y Divisa	CS USDCETE	CETE	0
Swaps de Tasa y Divisa	CS EURMXN	FUJO/VARIABLE	8,245

LOAN PORTFOLIO								
(Million Pesos)								
	Local Currency		UDIS		Foreign Currency		Total	
	4Q13	4Q14	4Q13	4Q14	4Q13	4Q14	4Q13	4Q14
<b>Performing Loans</b>								
Commercial Loans	154,336	148,610	-	-	30,288	42,579	184,624	191,189
Financial Intermediaries' Loans	3,650	2,176	-	-	1,212	1,140	4,863	3,316
Consumer Loans	57,728	68,234	-	-	155	149	57,883	68,383
Mortgage Loans	80,306	88,228	339	286	1,388	1,404	82,033	89,918
Government Entities' Loans	95,243	118,121	-	-	393	841	95,636	118,962
Derechos de cobro Fiduciario	-	-	-	-	-	-	-	-
<b>Total</b>	<b>391,262</b>	<b>425,369</b>	<b>339</b>	<b>286</b>	<b>33,437</b>	<b>46,113</b>	<b>425,038</b>	<b>471,768</b>
<b>Past Due Loans</b>								
Commercial Loans	10,410	10,544	6	6	58	100	10,473	10,649
Financial Intermediaries' Loans	0	1	-	-	-	-	0	1
Consumer Loans	2,093	2,370	-	-	-	-	2,093	2,370
Mortgage Loans	988	1,207	55	34	43	33	1,087	1,274
Government Entities' Loans	2	-	-	-	-	-	2	-
<b>Total</b>	<b>13,493</b>	<b>14,121</b>	<b>61</b>	<b>39</b>	<b>101</b>	<b>133</b>	<b>13,655</b>	<b>14,293</b>
<b>Total Proprietary Loans</b>	<b>404,755</b>	<b>439,490</b>	<b>400</b>	<b>325</b>	<b>33,538</b>	<b>46,246</b>	<b>438,693</b>	<b>486,061</b>

COST OF BALANCES OF FINAPE, FOPYME, MORTGAGE UDIS AND MORTGAGE FOVI		
LOAN PORTFOLIOS AS OF 4Q14- GFNorte		
(Million Pesos)		
	PERIOD COST	TOTAL PORTFOLIO
FINAPE	-	-
FOPYME	-	-
Mortgage UDIS	8.5	0.0
Mortgage FOVI	-	-
	<b>8.5</b>	<b>0.0</b>

At closing of this quarter the balance in debtors support programs totaled Ps 8 million without a cost for the period.

DEFERRED TAXES 4Q14			
(Million Pesos)			
ASSETS	INCOME TAX	PROFIT SHARING	NET
Excess of preventive reserves accounts over the fiscal limit	2,330	-	2,330
Non deductible provisions and cumulative income	712	-	712
Excess of accounting value over fiscal value on Repossessed Assets	772	-	772
Diminishable profit sharing	112	-	112
Fees received in advance	844	-	844
Effects from valuation of instruments	154	-	154
Tax losses pending amortization	1,815	-	1,815
Provisions for possible loss in loans	1,109	-	1,109
Loss on sale of foreclosed assets and credits	93	-	93
Decline in value of real estate	17	-	17
Interest on Loans	1	-	1
Reserve for employee retirement benefits	3	-	3
Diverse Creditors	135	-	135
Charge-off's Estimates	32	-	32
Provisions for seniority premiums	11	-	11
Other	196	-	196
<b>Total Assets</b>	<b>8,334</b>	<b>-</b>	<b>8,334</b>
LIABILITIES			
Pension Funds Contribution	(1,092)	-	(1,092)
Loan Portfolio Acquisitions	(429)	-	(429)
Projects to be capitalized	(1,424)	-	(1,424)
Effects from valuation of instruments	(1,976)	-	(1,976)
Intangibles' amortizations	(25)	-	(25)
Increase for securities' valuation	(198)	-	(198)
Receivable interest from securities	(18)	-	(18)
Current Account Agents	(14)	-	(14)
Savings' Inventory	(11)	-	(11)
Savings' Inventory	(757)	-	(757)
Excess of the accounting value over the tax value of foreclosed assets and fix assets	(42)	-	(42)
Other	(37)	-	(37)
<b>Total Liabilities</b>	<b>(6,023)</b>	<b>-</b>	<b>(6,023)</b>
<b>Assets (Liabilities) Accumulated Net</b>	<b>2,311</b>	<b>-</b>	<b>2,311</b>



LONG TERM DEBT AS OF DECEMBER '14 - BANCO MERCANTIL (Million Pesos)									
TYPE OF DEBT	CURRENCY	DATE OF ISSUE	ORIGINAL AMOUNT	ORIGINAL AMOUNT (VALUED)	CURRENT AMOUNT	TERM	RATE	MATURITY	INTEREST PAYMENT
Non Convertible Subordinated Bonds 2006	USD	13-oct-06	200	2,188	2,948	15 years	6.862%	13-oct-21	E/180 days
Senior Notes Due 2010	USD	19-jul-10	300	3,875	4,422	5 years	4.375%	19-jul-15	E/180 days
Non Convertible Subordinated Bonds Q Banorte 08	MXN	11-mar-08	3,000	3,000	3,000	10 years	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	2,356	20 years	4.950%	15-feb-28	E/182 days
Non Convertible Subordinated Bonds Q Banorte 09	MXN	08-jun-12	3,200	3,200	3,200	10 years	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	1,769	10 years	9.25%	14-oct-20	E/180 days

BANK AND OTHER ENTITIES LOANS' AS OF 4Q14 (Million Pesos)			
	LOCAL CURRENCY	FOREIGN CURRENCY	TOTAL
LOANS FROM LOCAL BANKS		-	-
LOANS FROM FOREIGN BANKS GENERATED IN THE COUNTRY		-	-
LOANS FROM FOREIGN BANKS GENERATED FROM FOREIGN COUNTRY		111	111
LOANS FROM DEVELOPMENT BANKS	10,976	6,145	17,120
LOANS FROM PUBLIC FUNDS	9,241	1,259	10,499
CALL MONEY & LOANS FROM BANKS	16,730	-	16,730
LOANS FROM FIDUCIARY FUNDS	237		237
PROVISIONS FOR INTEREST		61	61
	<b>37,184</b>	<b>7,576</b>	<b>44,759</b>
ELIMINATIONS			(14,675)
<b>Total</b>			<b>30,084</b>

CORE DEPOSITS AND DUE TO BANKS & CORRESPONDENTS - INTEREST RATES 4Q14	
CORE DEPOSITS (BANORTE)	
<b>DEM AND DEPOSITS</b>	
Local Currency and UDIs	0.51%
Foreign Currency	0.02%
<b>TIME DEPOSITS</b>	
Local Currency and UDIs	2.44%
Foreign Currency	0.65%
DUE TO BANKS & CORRESPONDENTS (BANORTE)	
<b>IMMEDIATE REDEMPTION LOANS</b>	
Local Currency and UDIs	2.91%
Foreign Currency	-
<b>OTHERS</b>	
Local Currency and UDIs	4.19%
Foreign Currency	1.95%

**MAIN CREDIT LINES RECEIVED 4Q14 (BANORTE)***Million pesos*

	4Q13	3Q14	4Q14	Change vs. 4Q13	Change vs. 3Q14
Banxico (Monetary Regulation Deposits)	28,504	30,977	33,449	17%	8%
Banxico (Repos with the System of Payments)	37,254	37,609	37,609	1%	0%
Call Money	63,350	65,650	65,650	4%	0%
<b>TOTAL</b>	<b>129,108</b>	<b>134,236</b>	<b>136,708</b>	<b>6%</b>	<b>2%</b>

**TRADING INCOME 4Q14***Million Pesos*

Trading income	Consolidated
<b>Securities - Unrealized gains</b>	<b>1105</b>
Negotiable instruments	223
Derivative instruments - Negotiation	897
Derivative instruments - Hedging	-15
<b>Impairment loss or revaluation increase</b>	<b>-71</b>
<b>Result from foreign exchange valuation</b>	<b>3</b>
<b>Result from valuation of precious metals</b>	<b>5</b>
<b>Result from purchase/sale of securities and derivatives</b>	<b>2305</b>
Negotiable instruments	1374
Securities held for sale	572
Securities held to maturity	19
Derivative instruments - Negotiation	0
Derivative instruments - Hedging	340
<b>Result from purchase/sale of foreign exchange</b>	<b>1072</b>
<b>Result from purchase/sale of precious metals</b>	<b>6</b>
<b>Transaction costs</b>	<b>0</b>
<b>Intermediation of received collateral</b>	<b>-4</b>
<b>Increase derived from trading income adjustments</b>	<b>0</b>
<b>Total</b>	<b>4,420</b>

- **Risk Management**

**AUTHORIZED BODIES**

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

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

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

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

1. Propose for approval by the Board:

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

2. Approve and review at least once a year:

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

3. Approve:

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

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

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

6. Report to the Board on corrective actions taken.

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

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

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

The DGAR routes efforts and has methodologies for:

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

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

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

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

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

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

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

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

### **Credit Risk**

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

The objectives of credit risk management at GFNorte are:

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

### **Individual Credit Risk**

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

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

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

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

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

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

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

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

### Portfolio Credit Risk

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

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

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

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

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

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

As of December 31, 2014, Banco Mercantil del Norte's total portfolio was Ps 458.20 billion. The expected loss represents 1.9% and the unexpected loss is 3.2% with respect to the total portfolio. The average expected loss is 2.0% during the period between October-December 2014.

Regarding Casa de Bolsa Banorte-Ixe, the credit exposure of investments is Ps 99.41 billion and the expected loss represents 0.01% of the exposure. The average expected loss is 0.01% between October-December 2014.

The total portfolio of Arrendadora and Factor, including pure leasing is Ps 21.24 billion. The expected loss represents 0.9% and the unexpected loss is 3.2% of the total portfolio. The prospective loss average represents 0.9% in the period of October-December 2014.

The total portfolio of Solida Administradora de Portafolios was Ps 3.93 billion. The expected loss of the portfolio represents 6.3% and the unexpected loss 9.3% both with respect to the total portfolio. The estimated loss average for the period of October-December 2014 was 6.2%.

The total portfolio of Banorte- Ixe Tarjetas is Ps. 23.48 billion. The expected loss represents 10.8% and the unexpected loss 10.7% both with regard to the total portfolio. The estimated loss average represents 11.3% for the period of October-December 2014.

### Credit Risks of Financial Instruments

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

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

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

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

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

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

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

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

As of December 31, 2014, exposure to credit risk for Securities Investments of Banco Mercantil del Norte was Ps 243.07 billion, of which 98.7% 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 8% of the Tier 1 Capital as of September 2014. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Net Capital as of September 2014 has similar rating to AAA(mex) and is comprised of (average considered term, amount in billions of pesos and rate): market and bond certificates from Pemex to 7 years and 9 months for Ps 14.66 to 3.5%; Inbursa market certificates for 2 years and 2 months for Ps 7.19 at 3.5%; deposit and market certificates and promissory notes from Banco Santander Mexico for 3 months for Ps 7.77 billion at 3.2%; and market certificates promissory notes from Banobras for 8 months for Ps 6.50 billion at 3.2%.

The exposure of Derivatives is Ps (5.40) billion, of which 96.0% has a rating higher or equal to A-(mex) on local level, placing them in investment grade and the 3 main counterparties other than then Federal or State Governments and National Financial Institutions represent 2% of the Tier 1 Capital of September 2014.

The exposure to credit risk for Securities Investments of Casa de Bolsa Banorte-Ixe was Ps 99.41 billion, of which 99.9% is rated higher or similar to A+(mex) on a local scale, placing them in investment grade and the 3 main counterparties other than the Federal Government, State Governments and National Financial Institutions represent 23% of the Capital as of September 2014. Additionally, the exposure of investments with the same counterparty other than the Federal Government that represents a higher or similar concentration to 5% of the Capital as of September 2014 has a higher or similar rating to A+(mex) and are comprised of (average considered term, amount in billion/ million of pesos and rate): market certificates of Pemex to 4 years and 9 months for Ps 2.68 billion at 3.4%; Scotiabank market certificates for 1 year and 10 months for Ps 1.93 billion at 3.4%; market certificates of Banamex to 1 year and 9 months for Ps 1.82 billion at 3.4%; market certificates of Banco Inbursa to 11 months for Ps 1.78 billion at 3.4%; market certificates of HSBC to 3 years and 11 months for Ps 1.15 billion at 3.6% Banco del Bajío deposit certificates to 1 month for Ps 442 million at 3.6%; Deutsche Bank bonds to 8 years and 5 months for Ps 411 million at 9.9%. In the case of derivatives, there are no operations.

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

Exposure to risk of securities of Solida Administradora de Portafolios was Ps 95 million. The 100.0% is distributed in banking instruments. The Institution does not hold positions in derivative instruments.

The exposure to credit risk for Securities Investments of Banorte-Ixe Tarjetas is Ps 410 million, of which 100% of the total are in financial instruments. Banorte-Ixe Tarjetas does not hold investments in derivatives.

### Risk Diversification

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

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

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

Tier 1 as of September 30, 2014		67.84
<b>I. Financings whose individual amounts represent more than 10% of basic equity</b>		
<u>Loan Operations</u>		
Number of financings		2
Total amount of financings		16.61
% 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%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>		<b>34.53</b>

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

<b>Equity as of September 30, 2014</b>	<b>3.70</b>
<b>I. Financings whose individual amounts represent more than 10% of equity</b>	
<u>Loan Operations</u>	
Number of financings	5
Total amount of financings	3.85
% in relation to equity	104%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Overnight Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>5.12</b>

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

<b>Equity as of September 30, 2014</b>	<b>4.01</b>
<b>I. Financings whose individual amounts represent more than 10% of equity (on a group level):</b>	
<u>Loan Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Money Market Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<u>Overnight Operations</u>	
Number of financings	0
Total amount of financings	0
% in relation to equity	0%
<b>II. Maximum amount of financing with the 3 largest debtors and common risk groups:</b>	<b>632</b>



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

<b>Equity as of September 30, 2014</b>	<b>4.58</b>
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**I. Financings whose individual amounts represent more than 10% of basic equity (on a group level):**

Loan Operations

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

Money Market Operations

Number of financings	1
Total amount of financings	410
% in relation to equity	9%

Overnight Operations

Number of financings	1
Total amount of financings	56
% in relation to equity	1%

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

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

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

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

The average VaR for the fourth quarter of 2014 for the portfolio is Ps 5.81 billion.

Million Pesos	4Q13	1Q14	2Q14	3Q14	4Q14
Total VaR*	4,616	5,149	5,389	6,261	5,811
Net Capital **	69,619	72,938	73,493	75,791	77,996
VaR / Net Capital	6.63%	7.06%	7.33%	8.26%	7.45%

\* Quarter Average of Banorte

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

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

**Million pesos**

Risk Factor	VaR
Domestic interest rate	4,957
Foreign interest rate	1,316
IPC	83
Exchange rate	352
Total VaR - Bank	5,811

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

• **Backtesting Analysis**

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

• **Sensitivity Analysis and Extreme Conditions Test**

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

**Casa de Bolsa Banorte Ixe**

The average VaR of Casa de Bolsa Banorte Ixe 's portfolios for 4Q14 is Ps 224.34 million, which represents 9.53% of the Institution's Net Capital as of December 2014.

CASA DE BOLSA BANORTE - IXE	Total	
VaR by Portfolio & Risk Factor	4Q14	
Million Pesos		
	Average	Closing
<b>VaR</b>		
Shares	0.39	0.00
Money Market	196.57	243.61
Treasury	68.63	68.18
<b>TOTAL</b>	224.34	262.64
<b>Diversifications Effect</b>	(41.25)	(49.15)
Net Capital as of June 2014		2,353
<b>VAR / Net Capital</b>	<b>9.53%</b>	<b>11.16%</b>

**Banorte Ixe Tarjetas**

The average VaR of Ixe Tarjetas for 4Q14 is Ps 4.73 billion which represents +0.0% of the Institution's Net Capital as of December 2014. This risk calculation is presented as informative, since the institution invested its resources in repo operations, promissory notes and checkbooks for a day, which are instruments that have no movements in its valuation by not having associated risk factors that presents variations for market conditions.

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

<b>BANORTE-IXE TARJETAS</b>		<b>Total</b>
<b>VaR Balance.</b>		<b>4Q14</b>
<b>Million Pesos</b>		
	<b>Average</b>	<b>Closing</b>
<b>VaR Balance</b>	0.00	0.00
<b>Net Capital *</b>		3,771
<b>VAR / Net Capital</b>	<b>0.00%</b>	<b>0.00%</b>

\*Previous net Capital as of closing December 2014

➤ **Liquidity Risk and Balance**

In response to the Banking Sector's need to measure global Liquidity Risk and to have consistent follow-up, the Banks us financial ratios, such as the Liquidity Ratios (Liquid Assets / Liquid Liabilities). Liquid Assets include availabilities, securities to negotiate and securities available for sale. Liquid Liabilities include demand deposits, demand interbank loans and short-term interbank loans. The liquidity ratio for Banorte at closing of 4Q14 is 105.1%, while the average for the quarter is 106.1%.

<b>Million Pesos (at closing of the quarter)</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>
<b>Liquid Assets</b>	<b>255,285</b>	<b>315,043</b>	<b>324,274</b>	<b>324,059</b>	<b>313,702</b>
<b>Liquid Liabilities</b>	<b>257,596</b>	<b>251,164</b>	<b>269,633</b>	<b>274,488</b>	<b>298,472</b>

<b>Liquidity Ratio</b>	<b>99.1%</b>	<b>125.4%</b>	<b>120.3%</b>	<b>118.1%</b>	<b>105.1%</b>
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<b>Million Pesos (average)</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>
<b>Liquid Assets</b>	<b>249,265</b>	<b>302,080</b>	<b>317,154</b>	<b>311,896</b>	<b>307,622</b>
<b>Liquid Liabilities</b>	<b>237,931</b>	<b>245,161</b>	<b>252,417</b>	<b>268,969</b>	<b>289,999</b>

<b>Liquidity Ratio</b>	<b>104.8%</b>	<b>123.2%</b>	<b>125.6%</b>	<b>116.1%</b>	<b>106.1%</b>
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For liquidity risk quantification and follow-up, the Banking Sector uses for the dollar portfolios, the criteria that the Bank of Mexico established for developing the Liquidity Coefficient, which makes it possible to evaluate the differentials between asset and liability flows in different periods of time. This promotes a healthier distribution of terms for these assets.

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

The structural risk of the Balance is evaluated using the analysis of balance simulation, among others, which allows the evaluation of future static or dynamic behavior in the Balance Sheet. It analyzes sensitivity to movements in domestic, foreign and real rates obtaining the impact that they have on the Economic Value and on the Net Interest

Income. Likewise, tests are conducted under extreme conditions wherein the result of extreme changes is evaluated on rates, funding and exchange rates.

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

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

The liquidity ratio vs. Net Capital of Casa de Bolsa Banorte Ixe as of December 31, 2014 is 101.88%.

CASA DE BOLSA BANORTE IXE, S.A. DE C.V.		USE
Liquidity Risk		
Million Pesos		dic-14
Accumulated gap in 1 month (MXP + UDIS)		1,099
Liquid Assets		2,398
Net Capital		2,353
Liquidity vs. Capital		101.88%

The liquidity ratio vs. Net Capital of Arrendadora y Factor Banorte as of December 31, 2014 is 0.58%.

ARRENDADORA Y FACTOR BANORTE		USE
Liquidity Risk		
Million Pesos		dic-14
Accumulated gap in 1 month (MXP)		(3,213.19)
Accumulated gap in 3 months (MXP)		(1,077.25)
Liquid Assets*		21.62
Net Capital		3,722.11
Tier 1 Capital		3,722.11
Liquidity vs. Net Capital		0.58%
Liquidity vs. Tier 1 Capital		0.58%

\*Balance in Banks

The liquidity ratio vs. Net Capital of Solida Administradora de Portafolio as of December 31, 2014 is 4.13%

<b>Sólida Administradora de Portafolios</b>	<b>USE</b>
<b>Liquidity Risk</b>	
<b>Million Pesos</b>	<b>dic-14</b>
Accumulated gap in 1 month (MXP)	(4,031)
Accumulated gap in 3 months (MXP)	(8,702)
Liquid Assets*	163
Net Capital	3,946
Tier 1 Capital	3,946
Liquidity vs. Net Capital	4.13%
Liquidity vs. Tier 1 Capital	4.13%

\*Balance in Banks

The liquidity ratio vs. Net Capital for Banorte- Ixe Tarjetas as of December 31, 2014 is 12.35%

<b>Banorte Ixe Tarjetas</b>	<b>USE</b>
<b>Liquidity Risk</b>	
<b>Million Pesos</b>	<b>dic-14</b>
Accumulated gap in 1 month (MXP)	2,727
Accumulated gap in 3 months (MXP)	2,787
Liquid Assets*	466
Net Capital	3,771
Tier 1 Capital	3,771
Liquidity vs. Net Capital	12.35%
Liquidity vs. Tier 1 Capital	12.35%

\*Balance in Banks

### ➤ Operational Risk

GFNorte has a formal Operational Risk department pertaining to the “Deputy Managing Director of Financial and Operational Risk”, same that reports directly to the Managing Director of Risk Management.

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

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

### Pillars of Operational Risk Management

## I. Policies, Objectives and Guidelines

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

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

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

## II. Quantitative and Qualitative Measuring Tools

### Operating Losses Database

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

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

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

- **Legal and Fiscal Contingencies Database**

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

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

- **Risk Management Model**

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

To perform Operating Risk Management, each of the operating risks involved in the processes must be identified in order to analyze them. In this regard, the risks identified by the Regulatory Comptrollership are processed in order to eliminate or mitigate them (seeking to reduce their severity or frequency) by defining tolerance levels, as the case may be. At present, work is being done on developing a new Institution Operating Risk Management Model and the technological tools needed to implement it.

### III. Required Capital Calculation

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

### IV. Information and Reporting

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

- **Technology risk**

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

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

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

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

➤ **Legal risk**

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

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

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

● **Internal Control**

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

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

- A. The Board of Directors with the support of the Advisory Board, Management Committee, Risk Policies Committee (CPR), Audit and Corporate Practices Committee (CAPS) and Human Resources Committee.
- B. The CEO and the departments which support him: Unit Risk Management (UAIR), Legal Department and the Comptroller, responsible for ensuring that adequate control levels, operational risks and compliance with regulation are maintained.
- C. Internal Audit, External Audit and the Commissary (The Commissary applies only to GFNorte subsidiaries) as additional support structures to check how the Internal Control System functions and provide reasonable assurance regarding the reliability of the generated data. The Internal Audit Department reports to the Audit and Corporate Practices Committee (CAPS) and maintains full independence from the administrative areas.
- D. The Executive Group as main responsible persons for SCI assurance according to the functions and responsibilities assigned to them. In addition to promoting the enforcement of the regulations established for the Institution and the strategies set forth by the GFNorte's CEO.
- E. Documents that establish the general control criteria that should be followed in the operation and reporting of transactions; in optimizing human, material and technological resources; in the use, security, timeliness and reliability of the information; and in the due compliance with the external and internal regulations. 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 2014, activities related to strengthening control, risk evaluation and management, establishment and monitoring of controls, and assurance of quality information continued to be developed; highlighting the following:

- A. 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 to internal control were reviewed and updated and were subject through the CAPS to the Board of Directors for authorization. Additionally, there has been continuous follow-up of the improvement actions regarding the observations made by the different members of the SCI
- C. The Supervisory Authorities' requirements have been addressed and the information required by the external regulations has been submitted.



- D. 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.
- E. 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.
- F. Requests regarding internal control subjects from diverse internal departments were handled, to the development of new institutional projects, as well as those derived from the Financial Reform.

## FINANCIAL SITUATION AND LIQUIDITY

### • Treasury Policy

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

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

### • Internal and External Liquidity Sources

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

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

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

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

### • Dividend Policy

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

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

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

- **Related Parties Loans**

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

In GFNorte as of December 31 and September 30, 2014, the amount of loans granted to third parties is as follows (million pesos):

<b>Institution granting the loan</b>	<b>Dec-2014</b>	<b>% of the limit</b>	<b>Sep-2014</b>	<b>% of the limit</b>
Banorte	Ps 3.69	15.5%	Ps 3.99	17.4%
	<b>Ps 3.69</b>		<b>Ps 3.99</b>	

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

**Banorte.**

As of **December 31, 2014**, the total loans granted to related parties, under Article 73 of the Law of Credit Institutions, was Ps 3.69 billion (including Ps 450 million in — Credit Letters "CC", which are registered in memorandum accounts), representing 0.8% of Banorte's total loan portfolio (excluding the balance of CC and Support to Federal Government Housing Debtors). Of the total related loans, Ps 2.39 billion were loans granted to clients linked to members of the Board of Directors; Ps 924 million were granted to clients linked to shareholders and Ps 370 million were linked to companies related to GFNorte.

In accordance with Article 73 of the Law of Credit Institutions, the balance of GFNorte's loan portfolio for individuals and corporations at closing of December 2014 was 15.5% of the limit set by Banco de Mexico which is equivalent to 35% of the basic part of net capital.

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

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

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

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

- **Loan or tax liabilities**

The tax credits listed below are currently in litigation:

	Al 31 de diciembre de 2014
<b>BANORTE</b>	<b>\$32</b>
IMSS fees, various occupations	6
INFONAVIT fees, various occupations	26
<b>AFORE BANORTE</b>	<b>\$2</b>
Loan # 4429309391 Payroll Tax of the state of Coahuila	2
<b>SEGUROS BANORTE GENERALI, S. A. DE C. V.</b>	<b>\$15</b>
Fiscal year 2003 (document 900-06-01-2009-9518)	15
<b>CASA DE BOLSA</b>	<b>\$35</b>
Fiscal year 2007 (document 900 06 05-2010-03968)	35
<b>IXE BANCO</b>	<b>\$13</b>
Income Tax-Profit Sharing for the 2005 fiscal year – inflation adjustment	13
Million pesos	

- **People in Charge**

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

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

Lic. Isaias Velazquez Gonzalez

Managing Director of Internal Audit

Lic. Jorge Eduardo Vega Camargo

Deputy Managing Director of Comptrollership

C.P. Mayra Nelly Lopez Lopez

Executive Director of Accounting

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

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

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

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