

RECENTLY ADOPTED MEASURES TO STRENGTHEN BANCO MERCANTIL DEL NORTE'S CAPITALIZATION RATIOS

22 Feb 2013

Monterrey, N.L., February 22nd, 2013. As a follow up to the material event published on January 9th by Grupo Financiero Banorte, S.A.B. de C.V. ("GFNORTE") (BMV: GFNORTEO) regarding: i) the finalization of the US 1.73 billion acquisition of Administradora de Fondos para el Retiro Bancomer, S.A. de C.V. ("Afore Bancomer"), of which US 1.6 billion corresponded to the price paid by Afore XXI Banorte, S.A. de C.V. ("Afore XXI Banorte"), and US 135 million to the excess capital of Afore Bancomer; ii) the contribution by Banco Mercantil del Norte S.A. ("Banorte"), which has a 50% equity stake on Afore XXI Banorte, of Ps. \$10.252 billion to finalize the acquisition with its available liquid resources; and iii) GFNORTE's assertion that it counted with various capital regeneration mechanisms to neutralize the short-term impact on Banorte's Capitalization ratio due to the investment on this new subsidiary; GFNORTE informs the investment public of the following developments:

1. After the payment on January 9th to finalize the acquisition of Afore Bancomer, Banorte's pro-forma Capitalization ratio according to the Basel III requirements decreased to approximately 13.3% forecasted at closing of January 2013, the Tier 1 Capital to 10.4% and the Common Equity ratio to 9.2%. Even though these reduced levels kept Banorte as an adequately capitalized bank according to the capitalization rules established by the National Banking & Securities Commission (CNBV), it is Banorte's practice to maintain sufficient capitalization levels to support the expected growth in business volume.

2. In order to offset this decline in the capitalization ratios, the Shareholders' Meeting of Banorte resolved on February 14th to authorize a capital increase of Ps. \$10.2 billion of this subsidiary of GFNORTE. This capital increase will be subscribed by GFNORTE with the resources obtained from a loan granted by financial institutions, according to the Mexican Central Bank's (Banco de México) authorization through the official memorandum S33-001-8078 on February 14th, 2013. Meanwhile, the CNBV gave its favorable opinion on February 21st through the official memorandum 312-3/12635/2013 to reform Banorte's bylaws and implement the capital increase.

3. GFNORTE disbursed the total amount of the loan for US \$800'000,000.00 (Eight hundred million dollars 00/100), which at the current foreign exchange rate is equivalent to approximately Ps. \$10.2 billion, the same sum that Banorte contributed for Afore Bancomer's acquisition. The loan's term is 364 days and the outstanding balance will accrue an interest rate of 3 month LIBOR plus 0.80% (equivalent to TIIE -0.02%, considering the benefit of the foreign exchange and interest rate hedging mechanisms contracted in order to cover risks arising from the loan). The resources to service the loan will come from dividend payments of GFNORTE's subsidiaries, and in case there is a corporate event that contributes with additional resources, these will be used to pre-pay the loan. The loan is not guaranteed by GFNORTE or any other of its subsidiaries and was obtained with a syndicate consisting of Morgan Stanley Senior Funding, Inc.; Merrill Lynch, Pierce, Fenner & Smith Incorporated; J.P. Morgan Securities, LLC and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

4. In addition to the above, during February Afore XXI Banorte decreed a Ps. 950 million dividend payment and a capital decrease of Ps. 2.0 billion. Both of these events had a favorable impact for Banorte, amounting to Ps \$1.475 billion since it owns 50% of the Afore, thus strengthening Banorte's capital ratios by reducing net capital deductions related to the investments in subsidiaries.

5. As a result of the capital regeneration initiatives formerly described, Banorte's preliminary Capitalization ratio at closing of January 2013 will be approximately 16.3%, the Tier 1 Capital 13.5% and the Common Equity ratio 12.2%

Finally, is important to reiterate that the main source of capital regeneration of GFNORTE and its subsidiaries is the reinvestment of earnings. Considering GFNORTE's current dividend policy, the Group reinvests approximately 80% of the generated net income during the year, which in the past has enabled to regenerate sufficient capital to keep growing Banorte's assets, thus satisfying the loan needs of Mexican families and companies.

GFNORTE reiterates to the investment public that it will continue adopting the best international corporate practices regarding Corporate Governance and information disclosure. Through its top management, the Financial Group will maintain its strategic and expansion plans to consolidate a leading institution in Mexico.

The Investor Relations Department is available for any inquiry or comment regarding this material event at: **investor@banorte.com** or in the number **(55) 52.68.16.80**.