

**Subject: Issuance of Tier 1 Capital Notes for USD 900 million and
prepayment of Q BANORTE 12 Subordinated Obligations**

(BMV: GFNORTEO, OTCQX: GBOOY, Latibex: XNOR)

San Pedro Garza García, N.L., July 6, de 2017. Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte ("Banorte") informs that it successfully issued **Subordinated Non-Preferred Non-Cumulative Tier 1 Capital Notes** for USD 900 million in the international markets.

Tier 1 Capital Notes were issued in two series:

- **BANORT 6^{7/8} PERP** for US 350 million, callable at the fifth year, carrying a coupon rate of 6.875%.
- **BANORT 7^{5/8} PERP** for US 550 million, callable at the tenth year, carrying a coupon rate of 7.625%.

Both series were rated by Moody's and S&P Ba2 and BB, respectively. The Capital Notes are Basel III-compliant.

Proceeds from the issuance will be used for general corporate purposes and to strengthen the bank's regulatory capital.

In line with the aforementioned, on June 30, 2017 Banorte **prepaid subordinated preferred & non-convertible obligations Q Banorte 12** amounting to Ps 3.2 billion, issued on June 8, 2012 and due on May 27, 2022.

GFNORTE reiterates to the investment public that it expects to continue adopting the best international corporate practices regarding Corporate Governance and information disclosure. The Investor Relations and Financial Intelligence Department is available for any inquiry or comment regarding this material event at: investor@banorte.com or at the number (55) 1670-2256.