CONVENIENCE ENGLISH TRANSLATION FOR INFORMATION PURPOSES ONLY

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.

Ticker symbol: GFNORTE
Company's address: Paseo de la Reforma 1230 14th Floor, Col. Cruz Manca Santa Fe, C.P. 05349, Mexico City, Mexico

Mexico City, November 8, 2017

Brief summary of the Transaction*:* The corporate restructure referred to in this disclosure memorandum consists in the merger of Grupo Financiero Interacciones, S.A.B. de C.V. ("GF Interacciones"), as the merged company, and Grupo Financiero Banorte, S.A.B. de C.V. ("GF Banorte"), as the merging company (the "Merger").

The Transaction (as such term is defined below) is subject to, among other conditions, the approval by the general ordinary and/or extraordinary shareholders' meetings of GF Banorte and GF Interacciones, to obtaining the applicable regulatory approvals and the conclusion of the due diligence process, which will give GF Banorte the right to adjust the Consideration or to terminate the Transaction. The Merger will be effective once GF Banorte and GF Interacciones obtain all the applicable authorizations and the resolutions adopted by their shareholders' meetings are registered with the Public Registry of Commerce.

If the Merger is approved at the general extraordinary shareholders' meetings of GF Banorte and GF Interacciones, the consideration (the "Consideration"), for the benefit of the shareholders of GF Interacciones, will be comprised of a combination of cash and shares of GF Banorte, composed of the sum of ***(i)*** Ps. $ 13,712,587,103.60 (thirteen billion seven hundred twelve million five hundred eighty seven thousand one hundred and three Pesos 60/100 Mexican Currency), which will be paid in cash by GF Interacciones to its shareholders, by means of the payment of a dividend and/or a capital reimbursement (or a combination of both) immediately before the Merger of GF Interacciones takes effect at GF Banorte, at Ps. $50.80 (fifty Pesos 80/100 Mexican Currency) per each of GF Interacciones' issued, subscribed, paid and outstanding shares as of October 25, 2017, and ***(ii)*** 109,727,031 (one hundred nine million seven hundred twenty seven thousand thirty one) shares of GF Banorte, equivalent to 0.4065 (zero point four zero six five) shares of GF Banorte per each of GF Interacciones' issued, subscribed, paid and outstanding share as of October 25, 2017 (the "Exchange Ratio"), which will be delivered as a result of the Merger of GF Interacciones with GF Banorte. The total amount of the Consideration for the Transaction will be Ps. $26,557,233,352.46 (twenty six billion five hundred fifty seven million two hundred thirty three thousand three hundred fifty two pesos 46/100 Mexican Currency) (the "Total Amount of the Transaction"), amount that is equivalent to the implicit consideration using as reference the price per share of GF Banorte at market close on October 24, 2017.

Within 15 (fifteen) business days following the Merger becoming effective, the controlling shareholders of GF Interacciones, Carlos Hank Rhon, Graciela Hank Gonzalez and Trust number 10353, entered into between Banco Interacciones, as trustee and Carlos Hank González as settlor and beneficiary (the "Controlling Shareholders of GF Interacciones") ***(i)*** will transfer shares of GF Banorte with a value equivalent to 10% (ten percent) of the Total Amount of the Transaction, to a guarantee trust (the "Guarantee Trust A") in which the trustee of the Guarantee Trust A will maintain the ownership of the shares transferred by the Controlling Shareholders of GF Interacciones during a period of 24 (twenty-four) months, from the Closing Date and, during said period the beneficiary may instruct the sale of such shares and deliver the proceeds to GF Banorte as indemnification for the damages and losses caused by the Controlling Shareholders of GF Interacciones as a consequence of a breach of the Fundamental Representations, the General Representations and the Special Representations (as such terms are defined below); and ***(ii)*** will transfer shares of GF Banorte with a value equivalent to Ps. $1,200,000,000.00 (one billion two hundred million Pesos 00/100, Mexican Currency) to a second guaranty trust agreement, in order to indemnify for potential tax contingencies that could affect GF Interacciones and consequently, affect GF Banorte after the Merger (the "Guarantee Trust B") in which the trustee of Guarantee Trust B will maintain the ownership of the shares transferred by the Controlling Shareholders of GF Interacciones during a term of 5 (five) years, from the Closing Date, and during such period the beneficiary may instruct the sale of said shares and deliver the proceeds to GF Banorte as compensation for the damages and losses caused as a result of disclosed or undisclosed tax contingencies of GF Interacciones.

The conditions for the exchange of shares as a result of the Merger, regardless of the class or type of shares, will be the same for all the shareholders of GF Interacciones, with the same treatment, without distinction, to all the shareholders of GF Interacciones.

Section 2 – "*Detailed Information of the Transaction*" of this disclosure memorandum includes the procedure of the transaction with a detailed description of the phases and documents to be signed in relation thereto.

Characteristics of GF Banorte's stock before and after the transaction: The characteristics of the stock issued by GF Banorte will not be modified as a result of the Merger.

Registration in the RNV: The shares representing the capital stock of GF Banorte are registered with the number 2066-1.00-2013-008 in the National Securities Registry ("RNV"), and are listed on the Bolsa Mexicana de Valores, S.A.B. of C.V. ("BMV") (the Mexican Stock Exchange). The registration of the shares of GF Banorte in the RNV will be updated as a result of the Merger of GF Interacciones with GF Banorte.

REGISTRATION IN THE NATIONAL SECURITIES REGISTRY DOES NOT IMPLY CERTIFICATION REGARDING THE SOUNDNESS OF THE SECURITIES, THE SOLVENCY OF GF BANORTE OR THE ACCURACY

OR TRUTHFULNESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE MEMORANDUM, NOR CONVALIDATES ANY ACTIONS THAT, IF ANY, HAVE BEEN TAKEN IN CONTRAVENTION OF APPLICABLE LAWS.

THIS DISCLOSURE MEMORANDUM IS NOT AN OFFER FOR SALE OR EXCHANGE OF, NOR OR A SOLICITATION OF AN OFFER TO PURCHASE, THE SECURITIES OF GF BANORTE IN THE UNITED MEXICAN STATES, THE UNITED STATES OF AMERICA OR IN ANY OTHER JURISDICTION WHERE SUCH OFFER IS PROHIBITED. SUCH SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED.

THIS COMMUNICATION IS BEING MADE TO GF BANORTE'S STOCKHOLDERS IN COMPLIANCE WITH MEXICAN SECURITIES LAW AND REGULATIONS IN RESPECT OF THE PROPOSED MERGER OF GF INTERACCIONES INTO GF BANORTE. IN CONNECTION WITH THE PROPOSED TRANSACTION, GF INTERACCIONES WILL PREPARE A DISCLOSURE MEMORANDUM FOR GF INTERACCIONES' SHAREHOLDERS. BEFORE MAKING ANY INVESTMENT DECISION, GF INTERACCIONES' SHAREHOLDERS ARE URGED TO READ GF INTERACCIONES' DISCLOSURE MEMORANDUM REGARDING THE PROPOSED TRANSACTION AND ANY OTHER DOCUMENTS DISSEMINATED TO GF INTERACCIONES' SHAREHOLDERS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

At the request of the shareholders that so require, copies of this Disclosure Memorandum will be delivered to the Investor Relations Office of GF Banorte, whose offices are located on Av. Prolongación Reforma 1230, 14TH Floor, Col. Cruz Manca Santa Fe, Delegación Cuajimalpa, CP 05349, Mexico City, Mexico, telephone: (5255) 5268 1680, email: investor@banorte.com. The electronic version of this Disclosure Memorandum may be consulted on the following websites: www.banorte.com and www.bmv.com.mx.

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The aforementioned exhibits are an integral part of this disclosure memorandum.

1. EXECUTIVE SUMMARY

This disclosure memorandum contains forward-looking statements. Forward-looking statements are identified through the use of terms such as “believes”, “expects”, “may”, “could”, “should”, “wants”, “tries”, “plans”, “projects”, “estimates”, “predicts”, “pretend”, “seeks”, “targets”, “anticipates”, or “potential”, among others; or the negative and/or the plural of those words and phrases or similar words or phrases of equivalent meaning. You can also identify forward-looking statements through discussions about strategies, plans or intentions.

The statements about future events contained in this disclosure memorandum reflect convictions, assumptions and expectations regarding the future performance of GF Banorte after the Transaction and take into account all the information currently available. The realization and accuracy of those convictions, assumptions and expectations are subject to risks and uncertainties and could change as a result of various events or factors, many of which are not or may not be known to GF Banorte. In the event that there are changes in the current circumstances, it is possible that the results of the business, financial situation, liquidity and results of operations of GF Banorte vary considerably from what is stated in the statements about future events. All statements about future events are effective only from the date they were made or are made. Likewise, it is feasible that over time new risks and uncertainties arise, without GF Banorte being in a position to predict them or to know the impact they would have on the business, financial situation, liquidity and results of operations.

1.1. Brief description of GF Banorte

GF Banorte is a publicly listed company (*sociedad anónima bursátil de capital variable*) authorized to be organized and operate as a holding company in accordance with the provisions of the Law to Regulate Financial Groups (*Ley para Regular las Agrupaciones Financieras*) (“LRAF”). GF Banorte was incorporated by means of the public deed No. 61,903 dated July 21, 1992, granted before Mr. Gerardo Correa Etchegaray, Notary Public No. 89 of Mexico City, registered in the Public Registry of Commerce of Mexico City, on September 30, 1992, under commercial folio number 163,485.

GF Banorte’s shares are listed on the BMV since October 7, 1992, so GF Banorte periodically publishes its corporate, financial, legal and operational information, which can be accessed through the BMV’s website. www.bmv.com.mx. Likewise, corporate, financial and operating information of GF Banorte and its subsidiaries is available on GF Banorte’s website, www.banorte.com.

GF Banorte is composed of the following financial entities and subsidiaries:

a) Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte
b) Banorte Ahorro y Previsión, S.A. de C.V.
c) Pensiones Banorte, S.A. de C.V., Grupo Financiero Banorte
d) Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte
e) Casa de Bolsa Banorte Ixe, S.A. de C.V., Grupo Financiero Banorte
f) Operadora de Fondos Banorte Ixe, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Banorte
g) Arrendadora y Factor Banorte, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Grupo Financiero Banorte

h) Almacenadora Banorte, S.A. de C.V., Organización Auxiliar del Crédito, Grupo Financiero Banorte
i) Sólida Administradora de Portafolios, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Grupo Financiero Banorte

The corporate domicile of GF Banorte is in the municipality of San Pedro Garza Garcia, Nuevo Leon and its main offices are located at Paseo de la Reforma 1230, 14th floor, Col. Cruz Manca Santa Fe, C.P. 05349, Mexico City, Mexico. Its telephone number is (55) 1670-2256 and its web page is www.banorte.com.

1.2. Brief description of GF Interacciones

GF Interacciones was incorporated by means of the public deed No. 149,465 dated as of October 28, 1992, granted before Mr. José Antonio Manzanero Escutia, Notary Public number 138 of Mexico City, whose first testimony was registered in the Registry Public of Commerce of Mexico City under the commercial folio number 166,786, with an indefinite duration.

GF Interacciones' shares are listed on the BMV since December 10, 1992, so GF Interacciones periodically publishes its corporate, financial, legal and operational information, which can be accessed through the BMV's website, www.bmv.com.mx. Likewise, corporate, financial and operating information of GF Interacciones and its subsidiaries is available on GF Interacciones' website.

GF Interacciones is composed of the following financial entities:

a) Banco Interacciones, S.A., Institución de Banca Múltiple, Grupo Financiero Interacciones
b) Interacciones Casa de Bolsa, S.A. de C.V., Grupo Financiero Interacciones
c) Aseguradora Interacciones, S.A. de C.V., Grupo Financiero Interacciones
d) Servicios Corporativos Interacciones, S.A. de C.V. , Grupo Financiero Interacciones
e) Interacciones Sociedad Operadora de Fondos de Inversión, S.A. de C.V., Grupo Financiero Interacciones

The corporate domicile of GF Interacciones is in Mexico City and its main offices are located at Paseo de la Reforma, 383, Col. Cuauhtémoc, C.P. 06500, Mexico City. Its telephone number is (55) 5326-8600 and its website is www.grupofinancierointeracciones.mx.

1.3. Most relevant aspects of the Transaction

The Transaction is subject to, among other conditions, the approval by the general ordinary and/or extraordinary shareholders' meetings of GF Banorte and GF Interacciones, obtaining the applicable regulatory approvals and the conclusion of the due diligence process, which will give GF Banorte the right to adjust the Consideration or to terminate the Transaction. The Merger will be effective once GF Banorte and GF Interacciones obtain all the applicable authorizations and the resolutions adopted by their shareholders' meetings are registered with the Public Registry of Commerce.

If the Merger is approved at the general extraordinary shareholders' meetings of GF Banorte and GF Interacciones, the consideration (the "Consideration"), for the benefit of the shareholders of GF Interacciones, will be comprised of a combination of cash and shares of GF Banorte, composed of the sum of ***(i)*** Ps. $ 13,712,587,103.60 (thirteen billion seven hundred twelve million five hundred eighty seven thousand one hundred and three Pesos 60/100 Mexican Currency), which will be paid in cash by GF Interacciones to its shareholders, by means of the payment of a dividend and/or a capital reimbursement (or a combination of both) immediately before the Merger of GF Interacciones takes effect at GF Banorte, at Ps. $50.80 (fifty Pesos 80/100 Mexican Currency) per each of GF Interacciones' issued, subscribed, paid and outstanding shares as of October 25, 2017, and **(*ii*)** 109,727,031 (one hundred nine million seven hundred twenty seven thousand thirty one) shares of GF Banorte, equivalent to 0.4065 (zero point four zero six five) shares of GF Banorte per each of GF Interacciones' issued, subscribed, paid and outstanding share as of October 25, 2017 (the "Exchange Ratio"), which will be delivered as a result of the Merger of GF Interacciones with GF Banorte. The total amount of the Consideration for the Transaction will be Ps. $26,557,233,352.46 (twenty six billion five hundred fifty seven million two hundred thirty three thousand three hundred fifty two pesos 46/100 Mexican Currency) (the "Total Amount of the Transaction"), amount that is equivalent to the implicit consideration of the price per share of GF Banorte Market close of October 24, 2017.

Within 15 (fifteen) business days following the Merger becoming effective, the Controlling Shareholders of GF Interacciones, **(*i*)** will transfer shares of GF Banorte with a value equivalent to 10% (ten percent) of the Total Amount of the Transaction, to a guarantee trust (the "Guarantee Trust A") in which the trustee of the Guarantee Trust A will maintain the ownership of the shares transferred by the Controlling Shareholders of GF Interacciones during a period of 24 (twenty-four) months, from the Closing Date and, during said period the beneficiary may instruct the sale of such shares and deliver the proceeds to GF Banorte as indemnification for the damages and losses caused by the Controlling Shareholders of GF Interacciones as a consequence of a breach of the Fundamental Representations, the General Representations and the Special Representations (as such terms are defined below); and **(*ii*)** will transfer shares of GF Banorte with a value equivalent to Ps. $1,200,000,000.00 (one billion two hundred million Pesos 00/100, Mexican Currency) to a second guaranty trust agreement, in order to cover any indemnification for potential tax contingencies that could affect GF Interacciones, and consequently, affect GF Banorte after the Merger (the "Guarantee Trust B") in which the trustee of Guarantee Trust B will maintain the ownership of the shares transferred by the Controlling Shareholders of GF Interacciones during a term of 5 (five) years, from the Closing Date, and during such period the beneficiary may instruct the sale of said shares and deliver the proceeds to GF Banorte as compensation for the damages and losses caused as a result of disclosed or undisclosed tax contingencies of GF Interacciones.

The conditions for the exchange of shares as a result of the Merger, regardless of the class or type of shares, will be the same for all the shareholders of GF Interacciones, with the same treatment, without distinction, to all the shareholders of GF Interacciones.

2. DETAILED INFORMATION OF THE TRANSACTION

2.1. Background of the Transaction

As part of their continuous efforts to enhance value in benefit of their shareholders and other constituents, and in connection with their ongoing consideration and evaluation of their long-term prospects and strategies, GF Banorte's senior management has considered and regularly reviews the business direction and objectives, including the evaluation of strategic growth opportunities. Such considerations have focused on, among other things, prospects and developments in the regulatory environment, in the economy and financial markets, for financial institutions generally and GF Banorte in particular, as well as conditions and ongoing consolidation in the financial services industry in Mexico. In this context, GF Banorte regularly evaluates inorganic growth opportunities generally in compliance with its strategic objectives.

In June 2017, GF Banorte engaged Bank of America Merrill Lynch and Morgan Stanley & Co. LLC (which we refer to as "BofA Merrill Lynch" and "Morgan Stanley", respectively) to provide exclusively financial advice with respect to assessing certain potential strategic transactions including a potential acquisition of assets or equity of, one or more of several financial institutions in Mexico. During the second half of June and during July 2017, BofA Merrill Lynch and Morgan Stanley conducted an analysis of various financial institutions as potential targets, including reviews of financial statements and other publicly available business and financial information, the public market valuation of certain targets, and the pro forma impact of an acquisition of each target, on GF Banorte's operations, loan portfolio, earnings per share, capitalization and certain financial ratios if such an acquisition were completed.

On July 24, 2017, BofA Merrill Lynch and Morgan Stanley presented a summary of their preliminary analysis, exclusively of a financial nature, to GF Banorte's senior management, including its Chairman, CEO and CFO. BofA Merrill Lynch's and Morgan Stanley's presentation included a review, for each of several potential targets, of its recent operational and financial performance, its public market valuation (as applicable) and broker-dealer analysts' views, a summary of the strategic and financial merits, and related considerations, of a potential transaction involving each target, and a preliminary analysis of the impact of a transaction on GF Banorte's pro forma net income and earnings per share, among others. Based on their analysis, BofA Merrill Lynch and Morgan Stanley indicated that it was not known whether any of the targets analyzed would have an interest in pursuing a business combination with GF Banorte.

Considering the perception of a potential conflict of interest from the Chairman of GF Banorte ,as a significant shareholder of GF Interacciones, which was one of the financial institutions potentially identified as a target, as well as Mr. Juan Antonio Gonzalez Moreno, as he is related to the Chairman of GF Banorte, on July 24, 2017, our Chairman and Mr. Juan Antonio Gonzalez Moreno informed our CEO and CFO that they would refrain from participating in further discussions of GF Interacciones, and would not be involved in any discussions with GF Interacciones' management or shareholders if GF Banorte chose to explore a potential transaction.

On August 7, 2017, BofA Merrill Lynch and Morgan Stanley presented further studies and analysis, exclusively of a financial nature, relating to the potential acquisition of several potential targets to a working group composed of GF Banorte's CEO, CFO and certain other executives (but not including the Chairman and Mr. Juan Antonio González Moreno). Following the receipt of the financial analysis of BofA Merrill Lynch and Morgan Stanley, on August 7, 2017, GF Banorte's senior management determined that a potential acquisition of GF Interacciones could be attractive, and instructed BofA Merrill Lynch and Morgan Stanley to perform further, more in-depth financial analysis of the potential financial impact of a potential acquisition of GF Interacciones.

Furthermore, after receiving BofA Merrill Lynch and Morgan Stanley's analysis, GF Banorte's senior management decided that the possibility of structuring an acquisition of the potential targets, other than GF Interacciones, would not be favorable to GF Banorte's earnings per share ("EPS"), considering the valuations that could be reasonably expected to generate interest for such targets to be interested in entering into a transaction. GF Banorte's senior management concluded that an acquisition of either certain loan portfolios of GF Interacciones or the equity of GF Interacciones could be accretive to GF Banorte's EPS, while allowing GF Banorte to preserve its capital strength and its return on equity ("ROE") relative to its stated ROE goals, if GF Interacciones could be acquired at or near its then-current share price of approximately Ps. $100.0 pesos per share.

On August 16, 2017, GF Banorte's Chief Executive Officer contacted GF Interacciones' Chief Executive Officer, Mr. Carlos Rojo, and indicated an interest in exploring a potential acquisition of loan portfolios or potentially the entire equity of GF Interacciones. Mr. Rojo agreed to provide GF Banorte with access to a limited amount of non-public information of GF Interacciones under a non-disclosure agreement. GF Banorte and GF Interacciones executed a mutual non-disclosure agreement on August 17, 2017. On August 21 and 22, 2017, a team of GF Banorte executives, accompanied by representatives of BofA Merrill Lynch and Morgan Stanley, participated in a presentation by GF Interacciones, whereby GF Interacciones' senior management discussed GF Interacciones' business model, strategic direction, recent operational and financial performance and business prospects.

Following the August 21 and 22, 2017 GF Interacciones' management presentation, GF Banorte's management and representatives from BofA Merrill Lynch and Morgan Stanley were provided access to a Virtual Data Room ("VDR") and performed preliminary due diligence, exclusively of financial nature, aimed at understanding **(*i*)** GF Interacciones' business model and its sustainability (3 in-person meetings with GF Interacciones' management and each division leader), **(*ii*)** financial projections (1 in-person meeting with GF Interacciones' management and several calls with GF Interacciones' advisors to understand the assumptions behind their projections), **(*iii*)** potential synergies (1 in-person meeting with GF Interacciones' management to further understand the segmentation of expenses and potential savings), (iv) structure of a potential transaction (several calls with GF Banorte's team and external tax and legal advisors to understand potential structure alternatives and their implications to GF Banorte and GF Interacciones). Aside from meetings and calls with GF Interacciones, GF Banorte's management conducted several exercises to develop their own views for GF Interacciones' projections and potential synergies (both operational and funding) if GF Interacciones were to be included within the GF Banorte platform.

On September 18, 2017, BofA Merrill Lynch and Morgan Stanley presented to GF Banorte's CEO, CFO and Managing Directors of Wholesale and Retail Banking a draft report, exclusively of a financial nature, on their preliminary valuation of and other considerations regarding GF Interacciones, incorporating comments from GF Banorte's team that had participated in the preliminary due diligence process up to that date. Such draft report was based on and was supported by preliminary projections of GF Interacciones' business developed by GF Banorte's management and also included preliminary projections of GF Banorte, developed by GF Banorte. Additionally, BofA Merrill Lynch and Morgan Stanley presented several transaction structuring alternatives, from a financial standpoint, and excluding any other considerations, such as legal or tax, including a merger, and incorporating different combinations of stock and cash consideration.

On September 18, 2017, based on its preliminary due diligence findings and financial analysis, and taking into account the financial analysis of BofA Merrill Lynch and Morgan Stanley, GF Banorte's CEO and CFO concluded that a transaction with GF Interacciones under certain conditions, would be strategically and financially attractive to GF Banorte.

Because of the Related Party nature of GF Interacciones (as such term is defined in the Mexican Securities Market Law), on September 21, 2017 our CEO informed the members of the Audit and Corporate Practices Committee of Banorte's Board of Directors (the "ACPC") of management's interest in making an acquisition proposal to GF Interacciones. The ACPC is composed of six independent directors, Mr. Héctor Federico Reyes-Retana Dahl, Ms. Carmen Patricia Armendáriz Guerra and Mr. Thomas Stanley Heather Rodríguez, and alternate members, Mr. Manuel Aznar Nicolín, Mr. Robert William Chandler Edwards and Mr. Clemente Ismael Reyes Retana Valdés. The materials reviewed presented a summary of strategic and financial merits, summary of potential structures, and considerations associated with a potential transaction involving such target, as well as a preliminary analysis of the impact of a transaction on GF Banorte's proforma net income, capitalization ratios and return on equity, among other metrics.

On September 22, 2017, GF Banorte's senior management met with the ACPC and reviewed the potential transaction with GF Interacciones.

On September 26, BofA Merrill Lynch and Morgan Stanley held an in-person and videoconference meeting with the ACPC to present a detailed summary of the work they had performed, exclusively of a financial nature, for GF Banorte since the date of their engagement, including a review of potential targets that had been considered as well as financial analysis of the potential acquisition of GF Interacciones and the estimated impact such a transaction would have on GF Banorte's strategic positioning and financial situation. No members of GF Banorte management participated in this meeting. Following this meeting ACPC Chairman Héctor Federico Reyes-Retana y Dahl communicated to GF Banorte's CEO that the ACPC opinion was favorable and initially supportive of GF Banorte's management making the preliminary non-binding proposal to GF Interacciones, within the terms provided to the ACPC, including a specified maximum value per GF Interacciones share. The acquisition proposal range presented to the ACPC on September 26, would value GF Interacciones (including the payment of a distribution to shareholders by GF Interacciones to its shareholders and a subsequent exchange of GF Interacciones shares into GF Banorte shares) from Ps. 90.00 to 105.00 per share, which represented a 4% - 17% discount to GF Interacciones' share price of Ps.108.94 on September 22, 2017 but a 9% - 28% premium over GF Interacciones' share price of Ps.82.25 on May 5, 2017, a date which GF Banorte considers "unaffected" by subsequent market speculation concerning a potential acquisition of GF Interacciones.

On October 4, 2017, the ACPC retained FTI Consulting, Inc. ("FTI") and the law firm Robles Miaja, S.C. ("Robles Miaja") to act as an independent financial and legal advisor to the ACPC in connection the potential acquisition of GF Interacciones. Although FTI had provided GF Banorte with certain accounting advisory services during the past two years, the ACPC considered that, for the amount of the fees paid to FTI and for the type of services provided, it did not affect the independence of FTI in relation to its role as independent financial advisor to the ACPC.

As of the date on which the management of GF Banorte informed the ACPC about the potential transaction with GF Interacciones, the ACPC members met on multiple occasions, both independently, as well as with members of GF Banorte's management and their legal and financial advisors; as well as with different ACPC' external advisors. The ACPC reiterated the importance of recommending to the management of GF Banorte a negotiation consistent with the market conditions for similar transactions, which had the only objective of creating value for GF Banorte and all its shareholders, without favoring any of them. As a result of the foregoing, the ACPC requested from FTI an independent expert's opinion regarding the fairness from the financial point of view of the Exchange Ratio and, if applicable, the consideration to be paid to the shareholders of GF Interacciones, as well as to the processes and assumptions used by BofA Merrill Lynch and Morgan Stanley in their financial analyses and determinations.

Likewise, the ACPC at all times emphasized the haste in the times to mitigate potential adverse effects on the price of the shares of GF Banorte and including, among others, the presentation of a non-binding proposal by the management to GF Interacciones. The ACPC noted that the board of directors of GF Banorte, in its case, should resolve to call one or more shareholders' meetings of GF Banorte for the shareholders of GF Banorte to be the corporate body that, in terms of the legal provisions, the bylaws and good practices, be the ones to approve the transaction, if applicable.

On October 9, 2017, GF Banorte's CEO, CFO, General Counsel and certain other executives, accompanied by representatives of BofA Merrill Lynch and Morgan Stanley as well as GF Banorte's outside counsel White & Case, met with the CEO, CFO and General Counsel of GF

Interacciones. In this meeting, GF Banorte verbally conveyed the key terms of its acquisition proposal, including transaction structure, value per share, key representations and warranties to be provided by GF Interacciones to GF Banorte as well as survival periods for such representations and warranties, and its requirement that the controlling shareholders of GF Interacciones provide for indemnification to GF Banorte for certain breaches of representations and warranties made by GF Interacciones. The GF Banorte proposal included a total value of Ps.98.50 per GF Interacciones share or Ps. $26.6 billion pesos in total, in the form of a Ps. $13.3 billion pesos cash distribution by GF Interacciones to its shareholders and an exchange of GF Banorte shares valued at Ps. $13.3 billion pesos for 100% of the common stock of GF Interacciones. In the meeting, GF Interacciones CEO indicated that the proposed value per share was unacceptable to GF Interacciones, as were certain other terms proposed by GF Banorte, but requested that GF Banorte provide a written term sheet for GF Interacciones to comment on. GF Banorte indicated that it would provide a written term sheet within 24 hours and would look forward to receiving GF Interacciones' response.

On October 11, 2017, the CEO of GF Banorte, Mr. Marcos Ramírez Miguel, submitted a written draft term sheet to GF Interacciones (referred to as the "October 11 Term Sheet"). The October 11 Term Sheet proposal provided for a consideration comprised of a cash distribution by GF Interacciones of Ps. $13.3 billion pesos, plus the equivalent of Ps. $13.3 billion pesos in GF Banorte shares. The number of new GF Banorte shares issued was determined at a share price fixed at the date of signing of the agreement. Total implied value of Ps. $26.6 billion pesos for GF Interacciones (equivalent to Ps. $98.50 pesos per GF Interacciones share). The October 11 Term Sheet also included provisions for representations and warranties of GF Interacciones with survival periods of 36 months from the closing date of the merger and specified that GF Interacciones' controlling shareholders, at closing, would establish a trust to hold a portion of the GF Banorte shares that said shareholders would receive at the closing of the merger for purposes of covering indemnification. The October 11 Term Sheet also specified closing conditions including: **(*i*)** approval by shareholders' meeting of each party; **(*ii*)** regulatory approvals, **(*iii*)** absence of material adverse effects ("MAE"), defined as an event or contingency that would adversely affect the value of GF Interacciones by more than 6% of total deal value, and **(*iv*)** other customary closing conditions.

From October 12 through October 16, 2017, GF Banorte and GF Interacciones had a series of in-person and telephone discussions in which the parties negotiated the term sheet. On October 16, 2017 GF Banorte provided GF Interacciones with a final term sheet based on what it believed had been agreed in a series of conversations during the week.

On October 17, GF Banorte delivered to GF Interacciones a letter in which GF Banorte indicated certain revisions regarding the due diligence process deadlines. On October 18, 2017, GF Interacciones accepted the terms described in the letter dated October 17 and on the same date, GF Banorte provided a signed copy of the term sheet to GF Interacciones, however the GF Interacciones term sheet also included certain provisions that GF Banorte did not believe were consistent with verbal agreements. GF Banorte did not countersign the term sheet provided by GF Interacciones. However, the parties agreed to continue working toward the completion of a definitive Master Merger Agreement (*Convenio Marco*) with a target signature date of the week starting Monday, October 23rd.

At the ACPC session held on October 18, 2017, in the presence of the representatives of FTI and Robles Miaja, the ACPC discussed extensively, among others: **(*i*)** the opinion of the independent legal advisor, Robles Miaja; **(*ii*)** compliance with the requirements of the applicable laws, the bylaws and the Code of Conduct of GF Banorte; **(*iii*)** the financial opinions of the financial experts hired by both the senior management of GF Banorte and the ACPC; **(*iv*)** the information presented by the relevant directors of GF Banorte; and **(*v*)** the strategy proposed by them regarding the rationalization of GF Banorte's capital, the criteria, the comparative alternatives analyzed by senior management with the support of its advisors, legal and financial experts, including the strategic advantages and the grounds presented with respect to the possibility of creating value for the shareholders of GF Banorte, the members of the ACPC unanimously adopted to present the transaction to the Board of Directors for its analysis and evaluation, together with the presentations provided by BofA Merrill Lynch, Morgan Stanley and FTI, and the opinion provided by FTI; and that, in its case, the board of directors may authorize the management of GF Banorte to continue with the negotiation, considering in all cases, the approval by the shareholders of GF Banorte, and compliance with regulatory provisions and standards applicable to similar transactions.

Upon the completion and signing of the term sheet with GF Interacciones, the management team of GF Banorte informed the ACPC and gave them an executed copy of the term sheet.

In its scheduled meeting held October 19, 2017, the board of directors of GF Banorte reviewed and considered the Transaction. Prior to the meeting, the directors received from the CFO, seven days in advance, the information and documentation to be analyzed in the meeting, including the general terms of the transaction. For the discussion of the Transaction, GF Banorte's Chairman and Mr. Juan Antonio González Moreno absented themselves from the Board Meeting, and representatives of BofA Merrill Lynch, Morgan Stanley and FTI were present. At the meeting, GF Banorte's CFO presented an overview of the various targets that GF Banorte had considered and the reasons for selecting GF Interacciones as the desired target. He then provided an overview of GF Interacciones' business, financial position and overlap and complementarity with GF Banorte, and combined franchise and proforma merger analyses including the impact of the Transaction on GF Banorte's market share, earnings per share, ROE and capital position. GF Banorte's CFO updated GF Banorte's Board of Directors on the status of the transaction, including ongoing negotiations with GF Interacciones and discussed the findings from GF Banorte's preliminary due diligence review of GF Interacciones. GF Banorte's CFO and representatives of BofA Merrill Lynch and Morgan Stanley reviewed with the GF Banorte board of directors the current terms of the draft merger agreement, including a summary of representations, warranties and covenants of GF Interacciones and of the Controlling Shareholders of GF Interacciones contained therein, the provisions relating to indemnification, the establishment of certain escrow accounts by GF Interacciones' controlling shareholders for potential indemnification for breach of claims, the commitments of GF Interacciones' controlling shareholders to take all necessary steps to ensure the approval of the Transaction, and GF Banorte's rights to terminate the agreement under certain circumstances including materially adverse findings in confirmatory due diligence and the occurrence of circumstances which could have a MAE on GF Interacciones. Representatives of BofA Merrill Lynch and Morgan Stanley discussed certain preliminary financial analyses, exclusively of a financial nature, relating to the proposed transaction.

The ACPC reviewed with the board of directors the potential conflict of interest arising from GF Banorte's Chairman's ownership, along with his sister and other family members excluding Carlos Hank Rhon, of 27.4% of GF Interacciones and the ownership by his father, Mr. Carlos Hank Rhon, of 40.7% of GF Interacciones. The ACPC noted the independence of the members of the ACPC and stated that none of the members had any financial interest or shareholding in GF Interacciones. The ACPC presented the steps it had taken in considering the transaction, and noted that it had retained FTI to provide financial analysis and a financial opinion to the ACPC on the Transaction.

FTI presented a summary of its findings to the board of directors and indicated that in its letter opinion to the ACPC, it concluded that the consideration to be paid by GF Banorte for GF Interacciones was fair to GF Banorte shareholders from a financial point of view. Their opinion noted that "*we are of the opinion that the aggregate Merger Consideration to be paid to the* *stockholders of Interacciones in the merger is fair, from a financial point of view, to the Company and to the holders of the common stock of the Company*". A copy of FTI's fairness opinion is attached to this disclosure memorandum as **Exhibit D**.

As a result of the above, the ACPC ratified its previous recommendations to the management of GF Banorte and recommended to the board of directors of GF Banorte, that, in case the transaction was approved, the final negotiations should be carried out in a strengthened procedural framework, which included, among others:

- *Negotiation*: The ACPC requested those in charge of the negotiations by GF Banorte, to rely on the recommendations of the legal and financial advisors of the management and to carry out a vigorous negotiation of the terms and conditions that would ensure attention to the tax, labor, or any other kind of contingencies that could negatively affect the value of the transaction for GF Banorte, including the corresponding indemnities, and to initiate a due diligence process with respect to the target company of the possible merger and its subsidiaries. Likewise, the ACPC recommended avoiding any actions that could be opposed, or that may give the image of being opposed to, the legitimate interests of GF Banorte.

- *Creation of value for GF Banorte*: the ACPC recommended that in the analysis, evaluation and negotiation of the transaction, the objective shall be, at all times, the procurement of value for GF Banorte and the benefit of all its shareholders.

- *Contingencies*: finally, the ACPC emphasized that in the negotiation and as a result of the aforementioned due diligence process, measures will be taken to mitigate and control the possible risks, as well as those derived from possible conditions imposed by the authorities that could affect the value of the transaction for GF Banorte and/or its shareholders.

After considering the recommendations and in consideration of the above referenced discussions, including the favorable opinion by the ACPC, considering the fairness opinion sent by FTI, as independent expert, GF Banorte's board of directors, in a vote of 13 members for, none against and two (GF Banorte's Chairman and Mr. Juan Antonio González Moreno, as a result of being excluded from the Board's consideration of the matter) abstaining, after deliberation, it resolved that the transaction subject of this disclosure memorandum had merits to be presented for consideration and approval by the general shareholders' meeting of GF Banorte and, consequently, resolved to call to the general ordinary and extraordinary shareholders' meetings of GF Banorte, so that they vote and, if such was the case, resolve with respect to the approval of the Transaction.

On October 20, 2017, the legal external advisors of GF Banorte distributed to the legal advisors of GF Interacciones and its controlling shareholders a first draft of the Master Merger Agreement, reflecting the terms and conditions agreed in the term sheet. From October 20 to 25, officials of GF Banorte and GF Interacciones, as well as their legal and financial advisors, held various meetings and communications to negotiate the final version of the Master Merger Agreement, adjusting various sections based on the negotiations held until reaching a version of the document that reflects an agreement acceptable to all parties, but keeping the basic agreements reached in the term sheet in previous days.

On October 25, 2017, GF Interacciones, GF Banorte and the Controlling Shareholders of GF Interacciones finalized and executed the Master Merger Agreement and the two companies announced the transaction via the filing of an *Evento Relevante* with the BMV at approximately 1:56 pm, Mexico City time.

2.2. Detailed description of the Transaction

The Transaction consists of the merger of GF Interacciones, as the merged company, with GF Banorte, as merging company, and of ***(i)*** Banco Interacciones, S.A., Institución de Banca Múltiple, Grupo Financiero Interacciones ("Banco Interacciones"), as merged company, with Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte, as merging company ("Banco Banorte"); ***(ii)*** Interacciones Casa de Bolsa, S.A. de C.V., Grupo Financiero Interacciones, as merged company ("Interacciones Casa de Bolsa"), with Casa de Bolsa Banorte Ixe, S.A. de C.V., Grupo Financiero Banorte, as merging company ("Casa de Bolsa Banorte Ixe"); ***(iii)*** Aseguradora Interacciones, S.A. de C.V., Grupo Financiero Interacciones, as merged company ("Aseguradora Interacciones"), with Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte, as merging company ("Seguros Banorte"); y ***(iv)*** Interacciones Sociedad Operadora de Fondos de Inversión, S.A. de C.V., Grupo Financiero Interacciones, as merged company ("Interacciones Sociedad Operadora" and together with GF Interacciones, Banco Interacciones, Interacciones Casa de Bolsa and Aseguradora Interacciones, the "Interacciones Companies"), with Operadora de Fondos Banorte Ixe, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Banorte as merging company ("Operadora de Fondos Banorte" and together with GF Banorte, Banco Banorte, Casa de Bolsa Banorte Ixe and Seguros Banorte, the "Banorte Companies").

Procedure to complete the Transaction

Approval by the general shareholders' meeting of GF Banorte

On October 19, 2017, the board of directors of GF Banorte, based on the favorable opinion of the ACPC, which considered FTI's opinion as an independent expert, resolved that the transaction covered by this disclosure memorandum has merits to be submitted for the consideration and approval by the general shareholders' meeting of GF Banorte and, consequently, resolved that the general ordinary and extraordinary shareholders' meetings of GF Banorte, shall be called so that shareholders may deliberate and, in its case, resolve on the approval of the Transaction. The board of directors had the favorable opinion of the ACPC, and the ACPC opinion was supported on ***(i)*** the legal opinion prepared by the firm Robles Miaja; ***(ii)*** the opinion regarding exclusively the financial aspects of the Transaction prepared by BofA Merrill Lynch and Morgan Stanley presented to the board of directors of GF Banorte; and ***(iii)*** the presentation of the validation of said financial reports issued by FTI and submitted to the ACPC of GF Banorte.

Following this resolution, the board of directors of GF Banorte called a general ordinary shareholders' meeting of GF Banorte, which will be held on December 5, 2017, in which, among other items on the agenda, the approval of the Transaction will be submitted to the shareholders for their consideration, as it is considered as a "Relevant Acquisition of Assets", as such term is defined in the current bylaws of GF Banorte.

Likewise, the board of directors called a general extraordinary shareholders' meeting of GF Banorte, which will be held on December 5, 2017, in which, among other items of the agenda, the approval of the Merger of GF Interacciones in GF Banorte will be submitted to the shareholders for their consideration, as described in this disclosure memorandum.

Subsequently, the shareholders of each of Banco Banorte, Casa de Bolsa Banorte Ixe, Seguros Banorte and Sociedad Operadora Banorte must adopt the resolutions they deem appropriate in order to approve the respective mergers related to the Transaction.

General rules applicable to the shareholders' meeting of GF Banorte

In accordance with the bylaws of GF Banorte, the general shareholders' meetings shall be ordinary and extraordinary. Both shall meet at the corporate domicile whenever called. Shareholders' meetings shall be ruled according to the following:

I. The general ordinary shareholders' meeting shall meet at least once a year at the corporate domicile and on the date it is called once the immediately previous corporate year has elapsed, according to the applicable legal provisions.

II. The general extraordinary shareholders' meeting shall be authorized to: **(*a*)** approve any clauses setting forth any steps tending to prevent the acquisition of any shares granting control of GF Banorte by any third parties or by the shareholders themselves, either directly or indirectly, and subject to the provisions of Article 64 of the LRAF; **(*b*)** approve the maximum amount of any increases in the capital stock and the conditions in which the respective issuances of unsubscribed shares must be made; **(*c*)** Approve the delisting of the shares from the RNV; and **(*d*)** those set forth by Article 182 of the General Law of Business Corporations, as well as any other applicable laws and the by-laws.

Relevant Acquisition of Assets Approvals. Without prejudice to the provisions of the above paragraph, a general ordinary shareholders' meeting shall be held from time to time, as may be convenient or necessary, to discuss and, if applicable, approve any Relevant Acquisition of Assets intended to be carried out by GF Banorte, the Subholding Companies, the Financial Entities member of the Financial Group or the holding companies of the later themselves.

For purposes of the immediately previous paragraph, the term "*Relevant Acquisition of Assets*" must be understood as such transaction or transactions carried out simultaneously or successively that consist of the acquisition of assets by GF Banorte or the companies controlled by it, either directly or indirectly, within one corporate year: **(*i*)** which amount represents, based on figures corresponding to the closing of the immediately previous fiscal quarter, an amount equal to or higher than five percent of the consolidated assets of GF Banorte; and **(*ii*)** which counterparts are Related Persons (as such term is defined in the Mexican Securities Market Law);

Calls. The calls for general meetings must be made by the board of directors or by the ACPC or in its case by the Judicial authority. Whenever due to any cause the minimum number of members of the committee that performs audit and corporate practices functions is not present and the board of directors fails to designate provisional directors, any shareholder may request to the Chairman of the board of directors to call a meeting to make the corresponding designation. The call must be issued within a term of three calendar days. In the event that the meeting is not held or once it is held no designation is made, the judicial authority of the domicile of GF Banorte, at the request and proposal of any shareholder, shall appoint the respective directors, who shall hold office until the general shareholders' meeting makes the definitive appointment. Calls shall indicate the date, time and location of holding thereof, shall include the agenda which must list all the affairs to be transacted at the shareholders' meeting, and it may not include any subject to be transacted in the general items. Calls shall be subscribed by the person who prepares them, or if the same is done by the board of directors, by its chairman or the secretary, and shall be published in the official gazette of the corporate domicile or in the official gazette of the federation, or in any of the newspapers of high circulation at the domicile of GF Banorte, at least fifteen calendar days prior to the date of holding thereof, during which term the documentation and information related to the subjects to be transacted at the corresponding shareholders' meeting shall be made available to the shareholders immediately and for free. If the meeting cannot be held on the day established for the holding thereof, a second call shall be made specifying such circumstance, within a term not to exceed fifteen business days after such date. The call to the respective meeting shall be made upon the terms of the above paragraph and shall be published at least five calendar days prior to the date of the holding thereof.

Meetings may be held without a prior call, if the capital stock is totally represented and may resolve on affairs of any nature, even those which are not included in the respective agenda if at the time of voting all shares entitled to vote at the respective meeting are represented thereat. Whoever calls a shareholders' meeting must provide to institutions for the deposit of securities where the shares of GF Banorte are deposited, a copy of the call no later than the business day before its publication. Likewise, they must inform at least five business days in advance of the closing date of their attendance records. Before the holding of any meeting and in order to update the corresponding filings, depositors shall be required to provide to the person who called the meeting the list of holders of the corresponding securities.

Crediting of Shareholders. To attend meetings, shareholders must deliver to the Secretary of the Board of Directors, no later than one business day before the date established for the meeting, the evidence of deposit of shares of the Company issued by any of the institutions for the deposit of securities regulated by the applicable law, supplemented, as the case may be, with the list of shareholders issued by the corresponding depositors, so that the holders evidence their capacity as shareholders. The abovementioned evidence shall indicate the name of the depositor, the amount of shares deposited in the institution for the deposit of securities and the date of holding of the meeting.

Representation of the Shareholders. Any persons who attend on behalf of the shareholders the meetings of the Company shall evidence their legal capacity through a power-of-attorney granted in the forms prepared by the Company itself. The forms must meet the following requirements: **(*a*)** clearly state the name of the Company and the respective agenda, and **(*b*)** include a space for the instructions stated by the grantor for the exercise of the power-of-attorney. According to Article 65, section III, of the Law to Regulate Financial Groups, the Secretary of the Board of Directors must ensure that this Article is enforced and shall inform the same to the Meeting, which shall evidence such fact in the respective minutes. The Company must keep available to the shareholders through the securities intermediaries or in the Company itself, at least fifteen days prior to the Meeting, the forms of powers-of-attorney. The members of the Board of Directors may not represent the shareholders at any meeting.

Holding of Meetings. General ordinary meetings shall be deemed to be legally convened upon first call if at least one half of the shares of the ordinary paid capital stock are represented thereat. Upon second or ulterior call, they shall be legally convened notwithstanding the number of shares represented thereat. General extraordinary meetings shall be legally convened upon first call if at least three quarters of the voting paid capital stock are represented thereat, and upon second or ulterior call, if those present represent, at least, fifty percent of such capital stock.

Development. Meetings shall be presided over by the permanent chairman, if he is present and by the chairman of the board of directors when the permanent chairman is not present. If, for any reason, the former are not present thereat, or in the case of a special meeting, the chairperson shall be any shareholder or representative of the shareholders designated by those present. The secretary of the board shall be the secretary and, in case of absence, the alternate secretary, and in the absence of both of them, any person designated by the chairman of the meeting. The chairman of the meeting shall designate two shareholders or representatives of the shareholders present as tellers, who shall validate the attendance list, indicating the number of shares represented by each person present; and shall provide their report to the meeting, as evidenced in the respective minutes. No affair which is not contemplated in the agenda shall be discussed or resolved, except in the case provided by Article 188 of the General Law of Business Corporations. Notwithstanding the possibility of deferral referred to in Article 199 of the General Law of Business Corporations, if all the affairs comprised in the agenda could not be dealt with on the stated date, the meeting may continue at subsequent meetings, which shall be held on the dates determined by it, without a new call being necessary, but no more than three business days may elapse between two meetings. At subsequent meetings, the quorum and the majority to pass resolutions shall be that stated in the General Law of Business Corporations in case of a second call.

Voting and Resolutions. At a shareholders' meeting, each outstanding share shall be entitled to one vote. Votes shall be by show of hands, unless a majority of those present resolves that they shall be by roll call or by ballot. At general ordinary meetings held upon first or ulterior call, resolutions shall be passed by simple majority vote of the represented shares. In the case of a general extraordinary meeting held upon first or ulterior call, resolutions shall be valid if passed upon vote of shares representing at least one half of the voting paid capital stock. For the validity of any resolution that implies the merger or spin-off of GF Banorte with one or more other companies, or amendment to the by-laws, the approval of the Ministry of Finance and Public Credit shall be required. To such effect, both the articles of incorporation and the amendments to the corporate bylaws shall be filed in the Public Registry of Commerce, including the respective authorizations, as provided by the Law to Regulate Financial Groups.

Conditions to which the Transaction is subject in accordance with the Master Merger Agreement

In accordance with the provisions of the Master Merger Agreement, the Merger is subject, among others, to the following conditions: **(*i*)** that the board of directors of each of GF Banorte and GF Interacciones, with the prior opinion of the audit committee and corporate practices of said companies, submits the approval of the Merger to their respective shareholders' meetings; **(*ii*)** that the shareholders' meetings of GF Banorte and of GF Interacciones, approve the Merger, **(*iii*)** that the applicable governmental authorizations have been obtained and, in the case of the merger control authorization by the Federal Antitrust Commission (*Comisión Federal de Competencia Económica*), if subject to any conditions, do not result in an impact that represents an amount equal to or greater than 10% (ten percent) of the Total Amount of the Transaction, **(*iv*)** that the representations of the Parties contained in the Master Merger Agreement are true and correct on the date of signature of the Master Merger Agreement and on the Closing Date in the form in which they are written, including exceptions and qualifications, except for breaches that have an adverse and significant effect, **(*v*)** that GF Banorte and GF Interacciones have complied with all the obligations and agreements contemplated in the Master Merger Agreement, **(*vi*)** the absence of a material adverse effect affecting GF Interacciones and its subsidiaries, individually or jointly, **(*vii*)** that no contingencies are identified before the Closing Date that together represent an amount equivalent to or greater than 10% (ten percent) of the Total Amount of the Transaction, with the understanding that said contingencies must be indemnified in accordance with the provisions of the Master Merger Agreement, if GF Banorte complies with this condition, in the understanding, however, that GF Banorte may terminate unilaterally the Master Merger Agreement if this condition is not fulfilled by GF Interacciones, **(*viii*)** the absence of any order of competent authority that impedes, affects or substantially limits or substantially modifies the Transaction, **(*ix*)** the consent of any creditor or necessary third party; **(*x*)** that each of the Controlling Shareholders of GF Interacciones has subscribed, and is in force, a non-compete agreement for a period of 2 (two) years as from the Closing Date, on terms reasonably satisfactory to GF Banorte; and **(*xi*)** that each of the agreements of the corresponding mergers, adopted by the general shareholders' meetings of the Banorte Companies and the Interacciones Companies have been published in the Electronic System of the Ministry of Economy, have been registered in the Public Registry of the Property and Commerce of the corporate domiciles of each of the Banorte Companies and of the Interacciones Companies and, insofar as applicable, any governmental authorizations applicable for the consummation of the Transaction shall have been published in the Official Gazette of the Federation in terms of applicable laws.

Date on which the Merger will be effective

If approved by the shareholders' meetings of GF Banorte and GF Interacciones, the Merger shall take effect once all the conditions to which they are subject under the Master Merger Agreement are fully met (or, where applicable, waived), including, among others, obtaining any required regulatory authorizations, and that the applicable authorizations and the resolutions adopted by the shareholders' meetings of GF Banorte and GF Interacciones are registered in the Public Registry of Commerce and, to the extent required by the applicable provisions, these authorizations are published in the Official Gazette of the Federation.

Integration of GF Banorte subsidiaries

As a result of the Merger, GF Banorte will acquire all of the assets, property and rights of GF Interacciones, and additionally, **(*i*)** Banco Banorte will merge, as merging company, with Banco Interacciones, as merged and extinguishing company; **(*ii*)** Casa de Bolsa Banorte Ixe will merge, as merging company, with Interacciones Casa de Bolsa, as merged and extinguishing company; **(*iii*)** Seguros Banorte will merge, as merging company, with Aseguradora Interacciones, as merged amd extinguishing company; and **(*iv*)** Operadora de Fondos Banorte will merge, as merging company, with Interacciones Sociedad Operadora, as merged and extinguishing company; in all previous cases, on a universal basis and without reservation or limitation.

Integration of the administrative bodies of GF Banorte

As a result of the Merger, the management bodies of GF Banorte and the Banorte Companies will remain unchanged, with GF Banorte and the Banorte Companies maintaining the same integration of their boards of directors and other administrative bodies.

Update of the registration of the shares of GF Banorte in the RNV

As a result of the Merger of GF Interacciones in GF Banorte, the registration of the shares of GF Banorte in the RNV will be updated, with the previous authorization of the National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores* or "CNBV") for such purposes.

Cancellation of the registration of the GF Interacciones securities in the RNV

After the date on which the Merger becomes effective, the cancellation of the securities of GF Interacciones in the RNV will be requested.

Description of the agreements entered into by GF Banorte prior to the holding of the shareholders' meetings through which, if applicable, the Merger will be approved.

On October 25, 2017, GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interacciones subscribed a Master Merger Agreement (the "Master Merger Agreement") through which the terms and conditions to complete the Merger referred to in this disclosure memorandum were agreed. Following is a summary of the most relevant provisions of the Master Merger Agreement:

A. Consideration. The consideration (the "Consideration"), for the benefit of the shareholders of GF Interacciones, will comprise a combination of cash and shares of GF Banorte, comprised by the sum of ***(i)*** Ps. $ 13,712,587,103.60 (thirteen billion seven hundred twelve million five hundred eighty seven thousand one hundred three Pesos 60/100 Mexican Currency), which will be paid in cash by GF Interacciones to its shareholders, by means of the payment of a dividend and/or a reimbursement of its capital stock (or a combination of both) immediately before the Merger of GF Interacciones takes effect at GF Banorte, at a rate of Ps. $50.80 (fifty Pesos 80/100 Mexican Currency) per each of GF Interacciones' issued, subscribed, paid and outstanding shares as of October 25, 2017, and ***(ii)*** 109,727,031 (one hundred nine million seven hundred twenty seven thousand thirty one) shares of GF Banorte, equivalent to 0.4065 (zero point four zero six five) shares of GF Banorte per each of GF Interacciones' issued, subscribed, paid and outstanding share as of October 25, 2017 (the "Exchange Ratio"), which will be delivered as a result of the Merger of GF Interacciones with GF Banorte. The total amount of the Consideration for the Transaction will be Ps. $26,557,233,352.46 (twenty six billion five hundred fifty seven million two hundred thirty three thousand three hundred fifty two pesos 46/100 Mexican Currency), amount that is equivalent to the implicit consideration of the price per share of GF Banorte Market close of October 24, 2017.

B. Exchange Ratio. The Exchange Ratio may be adjusted upwards or downwards, solely and exclusively as a result of losses or contingencies that result on or before the Closing Date, derived from: ***(i)*** exit compensation packages for directors or officers of any of the Interacciones Companies (known as Golden Parachute) or similar compensations that are related to the Merger, except for the retention bonds and authorized compensations in accordance with the provisions of the Master Merger Agreement and that were expressly and previously authorized in writing by GF Banorte, ***(ii)*** any amount that is pending to be paid or funded that has not been disclosed by GF Interacciones or GF Banorte in terms of pensions, pension plans or amounts payable for retirement of its employees, notwithstanding the name or how they are documented, ***(iii)*** undisclosed liabilities or assets incorrectly reflected in GF Interacciones' financial information, or ***(iv)*** if derived from the due diligence process completed by GF Banorte prior to the Closing Date, there are undisclosed contingencies or there are losses that imply a decrease in the value of GF Interacciones, in cases of subsections (iii) and (iv) above, for an amount equivalent to or greater than 5% (five percent) of the Total Amount of the Transaction, considering said assumptions individually or jointly, in the understanding that the foregoing two causes may be invoked in subsections (iii) and (iv) exclusively by GF Banorte.

C. Representations and warranties. The Master Merger Agreement includes customary representations and warranties by each of the parties, as of the date of execution of the Master Merger Agreement and the Closing Date, including without limitation those related to ***(i)*** due incorporation, ***(ii)*** powers, ***(iii)*** non-violation , ***(iv)*** consent (subject to pending authorizations), ***(v)*** ownership of shares, and ***(vi)*** absence of litigations that may prevent the exchange of shares as a result of the Merger for reasons attributable to the Controlling Shareholders of GF Interacciones (the "Fundamental Representations").

   The Master Merger Agreement also includes additional customary representations and warranties in relation to GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interacciones, including without limitation, those related to ***(i)*** corporate and regulatory capital requirements, ***ii*** qualification of portfolio and amount of reserves, ***iii*** compliance with laws, permits and licenses, including any aspect of regulatory nature (and absence of fines), ***iv*** financial statements (annual and monthly), ***v*** absence of certain changes, ***vi*** litigation, ***vii*** compliance with tax provisions and other fiscal matters, ***viii*** assets, ***ix*** derivative financial transactions, disclosure and sufficiency of guarantees, ***x*** intellectual property, ***xi*** insurances, ***xii*** employee benefits, pensions, retirement and labor relations, including labor litigations, ***xiii*** operations with related parties, ***xiv*** contracts, ***xv*** bank accounts, ***xvi*** systems and sufficiency, ***xvii*** corporate controls, ***xviii*** lack of undisclosed liabilities, ***xix*** sufficiency of assets (statements (i) through (xix) above, the "General Representations"), ***xx*** compliance with laws on the prevention of money laundering and ***xxi*** compliance with anti-corruption provisions (statements (xx) and (xxi) above, the "Special Representations"). In the event of any breach, inaccuracy or omission with respect to such representations and warranties, the Controlling Shareholders of GF Interacciones shall indemnify GF Banorte as indicated in the Indemnification clause.

D. Covenants. The Master Merger Agreement includes customary covenants for this type of transactions, as described below:

Covenants of GF Interacciones. From the date of execution of the Master Merger Agreement to the Closing Date, GF Interacciones **(*i*)** shall refrain from requesting, or negotiating with, any third party to enter into any transaction similar to, or competing with, the Transaction, and **(*ii*)** must not allow the Interacciones Companies or any subsidiary to carry out any of the following actions (except for those that are required by applicable law or by provision of a competent authority or unless GF Banorte consents otherwise in writing): carry out any operations outside the ordinary course of business including **(*A*)** authorizing or effecting any modification or change to its by-laws, **(*B*)** issuing or authorizing the issuance of shares representing capital or granting any options, warrants or other rights to acquire or obtain any share capital, **(*C*)** issue any promissory note, bond or other debt, or create, incur, assume or guarantee any debt, except for debt in the ordinary course of business, **(*D*)** make any changes to its accounting principles, practices or methods for Financial Groups, other than those required by the applicable accounting principles or regulations, **(*E*)** make expenses of capital outside the ordinary course of business, **(*F*)** dispose of assets outside the ordinary course of business, **(*G*)** make any distributions to the shareholders of GF Interacciones, except for the payment of dividends and/or capital reimbursements to be performed as indicated in the "Consideration" section above, **(*H*)** making any extraordinary payments to any employees, counselors or advisors of GF Interacciones, except for the payment of agreed performance bonuses, and **(*I*)** entering into any transaction with parties related, without the prior written authorization of GF Banorte, which shall not be unreasonably denied.

The Controlling Shareholders of GF Interacciones will have a lock-up period with respect to their GF Banorte shares delivered as a result of the Transaction, for a term of 24 (twenty-four) months, as from the Closing Date, during which the Controlling Shareholders of GF Interacciones may not sell, pledge, transfer, affect in trust, assign, or in any other way convey the shares of GF Banorte they hold.

Bilateral Covenants. As from the date of execution of the Master Merger Agreement to the Closing Date, GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interacciones shall **(*i*)** allow each other and their representatives reasonable access, prior notification, to all personnel, assets, books and records and information of the respective party, **(*ii*)** make reasonable efforts to carry out, agree to carry out or arrange for any actions to be carried out, as well as to do or take care of any necessary acts, as a result of any law or any other provision so that the transaction is consummated as soon as possible (including those necessary to obtain approvals and authorizations from all government authorities), **(*iii*)** maintain all the information and documentation that they may have access to or obtain in relation to the operation as confidential, **(*iv*)** consult each other before issuing any press release or notification to the securities market with respect to the Master Merger Agreement or the operations contemplated therein, and not to issue such press releases or notices to the stock market, without the prior written consent of the other party, in the understanding, however, that any party may, without authorization from the other party, issue notices to the securities market, if this is required by administrative or judicial authority (but notifying simultaneously by sending the information to the other party), and **(*v*)** that each of GF Banorte and GF Interacciones convenes a shareholders' meeting to consider the Transaction.

GF Banorte shall have the right to review and discuss the Appendices regarding the information of GF Interacciones and/or the Controlling Shareholders of GF Interacciones (the "Interacciones Appendices") as part of the due diligence process foreseen in the Master Merger Agreement, and to request GF Interacciones and/or the Controlling Shareholders of GF Interacciones for any information or clarification so that GF Banorte is confident that the information contained therein is true, complete and correct in the terms precisely provided in Clause III of the Master Merger Agreement, which, if applicable, will be expressed in writing to GF Interacciones and to the Controlling Shareholders of GF Interacciones. In the event that GF Banorte approves the Interacciones Appendices, this will only have the effect that the contingencies that result from the information contained in the Interacciones Appendices will be excluded for purposes of calculating the indemnities provided for in the Master Merger Agreement. In the event that GF Banorte does not approve said Interacciones Appendices, then the contingencies that result from the information contained in the Interacciones Appendices will be accounted for the purposes of calculating indemnification according to the Master Merger Agreement.

Indemnification and Limitation of Liability. Subject to the following terms, the Controlling Shareholders of GF Interacciones shall indemnify, defend and hold GF Banorte harmless from, and against and with respect to, any damages, and related liabilities ("Losses") that GF Banorte suffers or incurs because of **(*y*)** any representation regarding GF Interacciones that is not true, correct or complete on the Closing Date, **(*z*)** any breach of any covenant of GF Interacciones under the Master Merger Agreement. Such indemnification obligation shall be subject to the following limits:

(a) For a *de minimis* amount of US$2,500,000.00 (two million five hundred thousand dollars, legal currency of the United States of America), with respect to a concept or group of concepts, in which there is also a 1.3% (one point three percent) to be deducted from the Total Amount of the Transaction, paid from the first peso after the deductible has been reached, and

(b) In case of any breach, inaccuracy or omission to any of the Fundamental Representations, the Controlling Shareholders of GF Interacciones shall indemnify GF Banorte for each indemnification event, up to 10% (ten per percent) of the Total Amount of the Transaction, and for a period of up to 10 (ten) years counted from the Closing Date, mainly through the payment mechanism set forth in Guarantee Trust A.

(c) In case of any breach, inaccuracy or omission to any of the General Representations, the Controlling Shareholders of GF Interacciones shall indemnify GF Banorte up to 70% (seventy percent) of the amount for each event that requires compensation, up to a total amount equivalent to 9% (nine percent) of the Total Amount of the Transaction, and for a period of up to 18 (eighteen) months counted from the Closing Date, mainly through the payment mechanism set forth in Guarantee Trust A (except for contingencies of a tax nature that are subject to compensation by Guarantee Trust B).

(d) In case of any breach, inaccuracy or omission to any of the Special Representations, the Controlling Shareholders of GF Interacciones shall indemnify GF Banorte for the entirety of each indemnification event, up to 10% (ten per percent) of the Total Amount of the Transaction, and for a period of up to 24 (twenty-four) months counted from the Closing Date, mainly through the payment mechanism set forth in Guarantee Trust A.

(e) In case of any Losses as a result of any disclosed or undisclosed tax contingencies, the Controlling Shareholders of GF Interacciones shall be bound to indemnify GF Banorte, constituting the Guarantee Trust B for such purposes, for a total amount of Ps. $1,200,000,000.00 (One billion two hundred million pesos 00/100, Mexican Currency), as the principal but not exclusive means of compensation.

E. Termination of the Master Merger Agreement. The Master Merger Agreement may be terminated by GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interacciones, the latter acting jointly, as appropriate and as indicated below, in any of the following cases:

(a) By means of a written agreement signed by GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interacciones, provided that the general shareholders' meeting of either GF Banorte or GF Interacciones has not approved the Merger;

(b) By any of the Parties (and in the case of the Controlling Shareholders of GF Interacciones, acting jointly), if at any time before the Termination Date, any Governmental Authority prevents or prohibits the Transaction;

(c) By GF Banorte if any Governmental Authority impairs or limits, substantially modifies or conditions the effectiveness of the Transaction, in such a way that the effect of such impairment, modification or conditioning increases the value of the Transaction for an amount equal to or greater to 10% (ten percent) of the Total Amount of the Transaction;

(d) By GF Banorte, at its sole discretion, if at any time prior to the Closing Date, GF Banorte identifies contingencies that, as a whole, represent an amount equal to or greater than 10% (ten percent) of the Total Amount of the Transaction, having confirmed the existence and amount of said contingencies by external advisors of GF Banorte that have an accredited reputation and with whom GF Banorte works regularly;

(e) By GF Banorte, in its sole discretion, if on the Closing Date, any of the representations or warranties of GF Interacciones or of the Controlling Shareholders of GF Interacciones provided in Clause III of the Master Merger Agreement, is not true or correct in the terms in those that are written in said Clause, subject to any qualification of relevance or other qualification, and said lack of veracity or correction results in the existence of a significant material adverse effect; or

(f) By any of the Parties, if the conditions referred to in Clause 2.3 of the Master Merger Agreement have not been met so that the Closing Date takes place on or before June 30, 2018, unless the date is extended by written agreement between the Parties.

F. Effects of the Termination of the Master Merger Agreement. In the event that the Master Merger Agreement is terminated by any of the parties of said Master Merger Agreement, the party that has terminated it must immediately give written notice of said termination to the other parties of the Master Merger Agreement, specifying the provision of the Master Merger Agreement based on which said termination is determined. As of its termination, the Master Merger Agreement will be invalidated and will have no effect and there will be no liability for the parties under the Master Merger Agreement, except for **(*i*)** any obligation under any provision of the Master Merger Agreement, which must survive its termination, **(*ii*)** any obligation that is the result of the breach (including fraudulent breach) of any of the obligations derived from the Master Merger Agreement or of a fraudulent misrepresentation of the representations contained in the Master Merger Agreement, or **(*iii*)** the right to initiate any action in accordance with the applicable law.

G. Fees and Expenses; Taxes. All costs and expenses incurred by any of the parties in relation to the Master Merger Agreement and the consummation of the transactions contemplated thereby shall be paid by the party that has incurred such costs and expenses. All taxes incurred in connection with the execution and fulfillment of the Master Merger Agreement and the transactions contemplated by the Master Merger Agreement must be paid by the party that is subject to said taxes in accordance with the applicable legislation or provisions.

H. Amendments to the Master Merger Agreement. Subject to any provisions of the applicable legislation, the Master Merger Agreement may be modified or amended by the parties to the Master Merger Agreement in all its aspects, through a written agreement signed by all parties.

Agreements signed by GF Banorte and GF Interacciones after the shareholders' meetings of GF Banorte in which the Merger is approved is held

A. Guarantee Trust A

The Controlling Shareholders of GF Interacciones must enter into on the Closing Date, a guarantee trust agreement (the "Guarantee Trust A") acceptable to the Controlling Shareholders of GF Interacciones and to GF Banorte, to which they must transfer, within 15 (fifteen) days following the effectiveness of the Merger, shares of GF Banorte with a value equivalent to 10% (ten percent) of the Total Amount of the Transaction, and which will be used as a mechanism to comply with the indemnity in charge of the Controlling Shareholders of GF Interacciones with respect to any breach, falseness or omission of any of the Fundamental Representations, General Representations and Special Representations, as well as for any breach of any obligation of GF Interacciones or the Controlling Shareholders of GF Interacciones included in the Master Merger Agreement.

Pursuant to the Guarantee A Trust, GF Banorte as beneficiary may order the disposal of the shares transferred to the Guarantee Trust A in case the Controlling Shareholders of GF Interacciones must indemnify GF Banorte in accordance with the foregoing, and deliver the proceeds to GF Banorte to be covered such indemnification.

The aforementioned Guarantee Trust A will have a validity of up to 24 (twenty-four) months as from the Closing Date.

The Controlling Shareholders of GF Interacciones shall have, at all times while the guarantee is not executed, the rights derived from the shares transferred to Guarantee Trust A, including voting rights, and provided that the Controlling Shareholders of GF Interacciones comply with their obligations under the Master Merger Agreement.

B. Guarantee Trust B

The Controlling Shareholders of GF Interacciones shall also enter into on the Closing Date, another Guarantee Trust with a trustee acceptable to the Controlling Shareholders of GF Interacciones and to GF Banorte, to which they must transfer, within 15 business days following the Closing Date, shares representing of GF Banorte that have a value equivalent Ps. to $1,200,000,000.00 (one billion two hundred million Pesos 00/100 Mexican Currency), as the principal means, but not as an exclusive means, to indemnify GF Banorte for any potential tax contingency.

Pursuant to Guarantee Trust B, GF Banorte as beneficiary may order the sale of the shares transferred to Guarantee Trust B in case there is any indemnification obligation of the Controlling Shareholders of GF Banorte before GF Banorte in accordance with the foregoing, and shall deliver the proceeds to GF Banorte to cover such indemnification.

Guarantee Trust B will have a duration of 5 (five) years as from the Closing Date.

The Controlling Shareholders of GF Interacciones shall have, at all times while the guarantee is not executed, the rights derived from the shares transferred to Guarantee Trust B, including voting rights, and provided that the Controlling Shareholders of GF Interacciones comply with their obligations under the Master Merger Agreement.

Merger Agreement

In accordance with the resolutions adopted by the extraordinary general shareholders' meetings of GF Banorte and GF Interacciones, each of them will enter into a merger agreement. The following is a summary of the most relevant provisions of said agreement:

A. Merger. GF Interacciones, as a merged company and that is extinguished in GF Banorte, as merging company that subsists, will enter into a merger agreement in the terms and conditions agreed upon therein.

B. Bases for the Merger. The Merger will be considered based on the balances as of September 30, 2017 of GF Banorte and GF Interacciones presented to the extraordinary general shareholders' meetings.

C. Transfer of GF Interacciones' assets. GF Banorte, as merging company, will acquire the universality of the assets of GF Interacciones, as merged company, including the Interacciones Companies, which will be merged with the Banorte Companies, respectively, without reservation or limitation, and GF Banorte will be subrogated in all the rights and actions that correspond to GF Interacciones, and will substitute it in all the obligations contracted and in all the guarantees granted by it, derived from any type of contract, agreement, license, permit, concession and, in general, acts or operations carried out by GF Interacciones or in which GF Interacciones has intervened.

D. Publication of the merger agreements. In compliance with the laws applicable to GF Banorte and GF Interacciones, GF Banorte and GF Interacciones will carry out the registration of the agreements through which the Merger takes effect, once the resolutions have been adopted by the shareholders' meetings of GF Banorte and of GF Interacciones, as well as the applicable authorizations of the corresponding governmental authorities, which must be registered in the Public Registry of Commerce.

E. Effects of the Merger. The Merger will become effective once the applicable authorizations and the resolutions adopted by the shareholders' meetings of GF Banorte and GF Interacciones are registered in the Public Registry of Commerce.

Opinions issued by BofA Merrill Lynch and Morgan Stanley & Co. LLC

At the meeting of the GF Banorte Board of Directors held on October 19, 2017, Morgan Stanley and BofA Merrill Lynch indicated to the GF Banorte Board of Directors that, assuming the final Master Merger Agreement did not differ materially from the draft agreement dated October 16, 2017, and subject to the factors and assumptions set forth in each of Morgan Stanley and BofA Merrill Lynch's written financial opinions, respectively, the merger consideration to be paid by GF Banorte for each share of GF Interacciones common stock pursuant to the Master Merger Agreement could be fair from a financial point of view to GF Banorte as of the date of such board meeting GF Banorte. Neither BofA Merrill Lynch nor Morgan Stanley recommended any specific amount of consideration to the board of directors of GF Banorte or that any specific amount of consideration constituted the only appropriate consideration for the proposed Transaction.

Based on a review of the final draft of the Master Merger Agreement dated October 25, 2017, BofA Merrill Lynch and Morgan Stanley provided written opinions, exclusively from a financial point of view as of the date of each opinion, to the Board of Directors of GF Banorte with respect to the fairness of the consideration to be paid by GF Banorte in connection with the Transaction.

The opinions of BofA Merrill Lynch and Morgan Stanley, exclusively from a financial point of view, were two of many factors taken into consideration by the GF Banorte board of directors in considering the proposed transaction.

BofA Merrill Lynch and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. BofA Merrill Lynch and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of GF Banorte, GF Interacciones and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the merger agreement. BofA Merrill Lynch acted as financial advisor to GF Banorte in connection with the proposed transaction. BofA Merrill Lynch has provided certain financial advisory and/or underwriting services to GF Banorte and/or its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including **(*i*)** the acquisition of Afore Bancomer in November 2012, **(*ii*)** a follow-on equity offering of ~US$2.5 billion in July 2013, **(*iii*)** a Tier 2 Notes issuance for ~US$500 million in September 2016, among others. During the last two years, BofA Merrill Lynch has not provided financial advisory and/or underwriting services to GF Interacciones.

GF Banorte selected BofA Merrill Lynch as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed transaction. Pursuant to an engagement letter between GF Banorte and BofA Merrill Lynch, GF Banorte has agreed to pay BofA Merrill Lynch a transaction fee, the majority of which is contingent upon completion of the transaction. In addition, GF Banorte has agreed to reimburse BofA Merrill Lynch for certain of its expenses, including reasonable attorneys' fees and disbursements, and to indemnify BofA Merrill Lynch and related persons against various liabilities, including certain liabilities under the federal securities laws.

Morgan Stanley and its affiliates are engaged in advisory, underwriting and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Morgan Stanley and its affiliates and employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of GF Banorte, GF Interacciones and any of their respective affiliates and third parties, or any currency or commodity that may be involved in the transaction contemplated by the merger agreement. Morgan Stanley acted as financial advisor to GF Banorte in connection with the proposed transaction. Morgan Stanley has provided certain financial advisory and/or underwriting services to GF Banorte and/or its affiliates from time to time for which its Investment Banking Division has received, and may receive, compensation, including **(*i*)** a follow-on equity offering of ~US$767 MM in February 2011, **(*ii*) an** accelerated book-build offering for ~US207 MM in May 2011, **(*iii*)** the acquisition of Afore Bancomer in November 2012, **(*iv*)** a follow-on equity offering of ~US$2.5 Bn in July 2013, **(*v*)** a Tier 2 Notes issuance for ~US$500 MM in September 2016, and (vi) a dual tranche AT1 Notes issuance for ~US$900 MM in June 2017. During the last two years, Morgan Stanley has not provided financial advisory and/or underwriting services to GF Interacciones.

GF Banorte selected Morgan Stanley as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed transaction. Pursuant to an engagement letter between GF Banorte and Morgan Stanley, GF Banorte has agreed to pay BofA Merrill Lynch a transaction fee, the majority of which is contingent upon completion of the Transaction. In addition, GF Banorte has agreed to reimburse Morgan Stanley for certain of its expenses, including reasonable attorneys' fees and disbursements, and to indemnify Morgan Stanley and related persons against various liabilities, including certain liabilities under the federal securities laws.

The full text of the written opinions of BofA Merrill Lynch and Morgan Stanley, dated October 25, 2017, which set forth assumptions made, procedures followed, matters considered, qualifications and limitations on the review undertaken in connection with the opinion, are attached to this disclosure memorandum as **Exhibit B** and **C** respectively. BofA Merrill Lynch's and Morgan Stanley's advisory services and opinions are strictly financial in nature and were provided for the information and assistance of the GF Banorte board of directors, and not for the benefit of stockholders, in connection with its consideration of the Merger and the fairness from a financial standpoint of the Consideration to be paid by GF Banorte for each share of common stock of GF Interacciones, and their opinions do not constitute a recommendation as to how any holder of GF Banorte common stock should vote with respect to the proposed transaction or any other matter. Likewise, these opinions are subject to certain assumptions, qualifications, limitations and considerations and do not address the prices at which the shares of GF Banorte will be listed after the consummation of the proposed transaction or at any moment, nor other aspects of the Transaction.

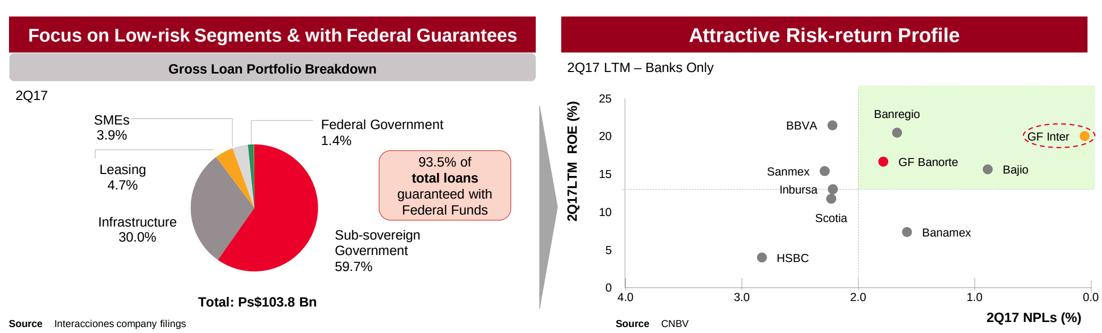
Each of the shareholders of GF Banorte must carry out an independent evaluation of the Transaction, without having the right to base said evaluation on the financial opinions cited, as they are not recipients of the same. It is recommended that each holder of ordinary shares of GF Banorte consult their own advisors and specialists in relation to the Transaction, its effects, and other matters related to it.

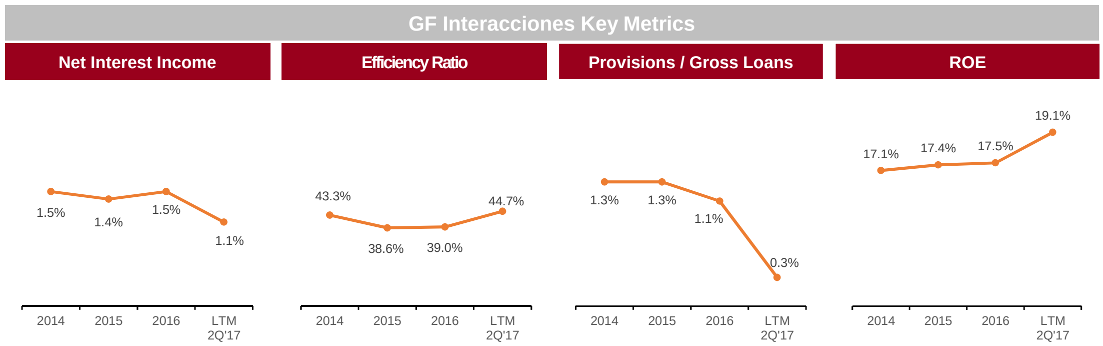
2.3. Objectives and Merits of the Transaction

The objective of the acquisition of GF Interacciones via the Transaction and Merger is to maintain the positive trajectory of growth and profitability that GF Banorte has been building to position itself as a leading financial institution in Mexico. The merits of the proposed transaction are highlighted below, among others:

a) GF Interacciones has executed a successful strategy that has allowed it to obtain sustainable and profitable growth

GF Interacciones has managed to maintain one of the highest levels of growth and profitability in the Mexican financial system, reaching 55 reported consecutive quarters of increased earnings. As the largest specialized financial group in Mexico and with a focus on financing services, financial advisory and risk management mainly to sub-national entities, GF Interacciones has achieved better efficiency levels than the average of the Mexican financial system. On the other hand, GF Interacciones has maintained the lowest nonperforming portfolio ratio in Mexico's financial system based on the expertise it has developed in risk analysis and, above all, in the transfer of risk from the final customer to the Federal Government, through loan structuring. With this, 93.5% of the total loan portfolio of GF Interacciones, as of the second quarter of 2017, has as a primary or secondary source of payment funds from the Federal Government. The specialization that GF Interacciones has achieved, combined with a highly efficient business model and rigorous risk controls have resulted in returns on capital of ~18% on average over the last four years, and an average of 20% throughout the different cycles in the last 15 years.



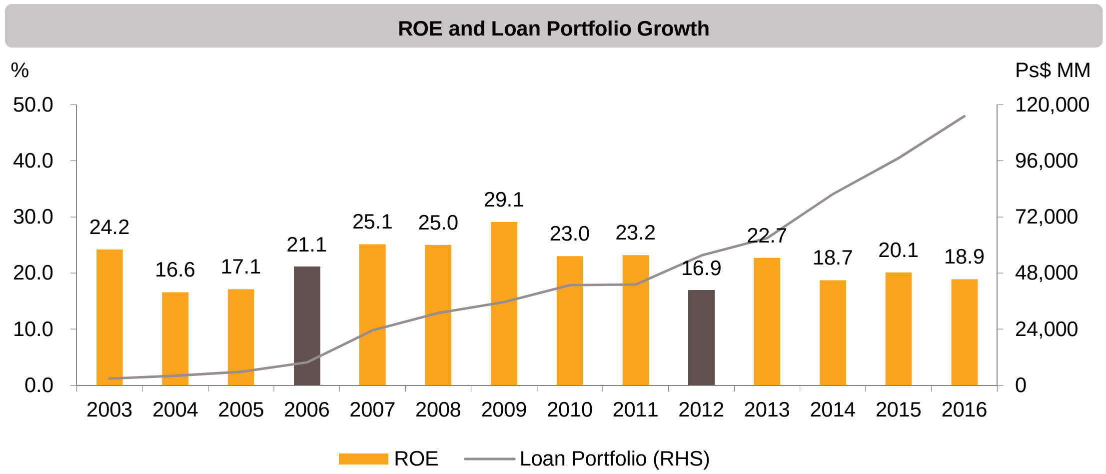


Source: CNBV

Even during difficult years, GF Interacciones business model has shown great strength. For example, during 2009, GF Interacciones was not affected by decreases in GDP. That year, Mexico's GDP decreased 4.7%, and GF Interacciones achieved a return on equity of approximately 29.1%. This is because the fall in GDP led to a decrease in federal transfers and temporary budget cuts that translated into a greater need for sub-national financing, expanding GF Interacciones potential margin of action. On the other hand, most of the projects that GF Interacciones finances are between Ps. $100 and Ps. $1,500 million and target basic infrastructure, first necessity and direct impact on society segments. For this reason, and because they are projects approved by state and municipal governments, they are not usually affected by decisions at the Federal level or by macroeconomic adverse situations.

It is important to highlight the average annual growth of 9% of Federal participations since 2005. By law, every year the Federal Government has to distribute to the States (and the States to the Municipalities), the *Fondo General de Participaciones* ("FGP"), which is comprised of 20% of the *Recaudación Federal Participable* ("RFP") The RFP represents a big percentage of the total revenues received by the federal government, comprised of tax and oil-related revenues, and is distributed every year by law to the states and municipalities according to a certain formula that considers population, fiscal efficiency and GDP growth. Given this historical annual growth and future growth expectations, we see a great opportunity to access this segment, always using structures already successfully tested by GF Interacciones, where the risk of the sub-national entity is transferred to the Federal Government through the structuring of vehicles with such source of payment.

Finally, the attributes of low non-performing loan ratio, high coverage ratio and the fact that more than 90% of GF Interacciones' total loan portfolio is backed by federal funds make this asset highly attractive, as well as provides security in times of uncertainty.



Source: GF Interacciones

b) Great opportunity to increase GF Banorte market share in the infrastructure sector, which has proven to be highly profitable and with significant growth potential

Mexico is ranked 15th in terms of GDP and 62nd in terms of infrastructure development on a global level, which means that there is a significant lag in terms of investment in infrastructure. To reduce the country's infrastructure deficit, significant investments will be required from both the private and government sectors and GF Interacciones has the necessary experience to successfully fund these projects.

GF Interacciones business model has allowed it to develop unique skills to successfully compete in funding projects for sub-national entities with pressing needs. Due to the high complexity and small size of the projects, the infrastructure sector of sub-national governments has not been a focus of the largest financial institutions in Mexico. The latter has allowed GF Interacciones to maintain a leadership position and develop important competitive advantages.

GF Interacciones concentrates approximately 90% of its business in the financing of needs of states and municipalities, both in infrastructure and in productive investment projects: 60% in financing to state and municipal governments and 30% in direct financing to sub-national infrastructure projects. GF Interacciones has in-depth knowledge of the market and the particular needs of its customers, which has allowed it to identify infrastructure opportunities in states and municipalities and to structure products tailored to each situation. GF Interacciones offers comprehensive services for financing infrastructure projects, with the possibility of receiving commissions for advising and structuring these projects, a dynamic that we hope will be maintained under the GF Banorte platform, if the Transaction is consummated. Without having a business model based on branches, GF Interacciones has a wide sales network and specialized advisory in charge of monitoring and identifying potential needs and infrastructure opportunities for states and municipalities. The integration of market intelligence teams, a team specialized in structuring projects, the technical analysis and monitoring unit and specialized risk analysis areas gives GF Interacciones a significant advantage in the segment of sub-national infrastructure projects. GF Banorte's large scale combined with GF Interacciones experience in infrastructure projects, position the combined entity as a leading player in financing infrastructure projects nationwide.

c) High complementarity and important cross-selling potential in the government segment

GF Banorte government business is based on offering comprehensive services to all government levels and their employees. An important part of its profitability comes from the ability to offer multiple products to government customers. For example, payroll services, treasury, among others. GF Banrote's financing to government entities is oriented towards long-term loans (with 94.2% backed by Federal contributions), as well as federal large-scale infrastructure projects, while GF Interacciones has a focus on financing states and municipalities, as well as basic infrastructure projects and short-term loans. GF Banorte concentrates 6.6% of its total loan portfolio in the Federal Government, while in GF Interacciones the Federal Government represents only 1.4% of its total loan portfolio as of June 30, 2017.

Highly Complementary Business for Banorte

	GF Banorte	GF Interacciones	Combined
Government Level	Federal Gov't, States & Municipalities	States & Municipalities	▲ States & Municipalities Covered
Financing Product	Larger projects and plain vanilla financing	Tailored financial solutions and structuring	▲ Fees
Term	Long-term	Short-term	▲ Fees
Cross-selling	Retail Banking Services (payroll, transactional banking, etc)	None	▲ Cross-selling

At the states and municipalities level, GF Banorte's and GF Interacciones' businesses are highly complementary, with zero overlap in the portfolio of the two institutions in 10 states and Mexico City. On the other hand, there are seven additional states where the portfolio overlap is less than 30%, such overlap defined as the percentage that the smaller portfolio represents (GF Banorte or GF Interacciones, as applicable) of the larger portfolio. As a result of the transaction, GF Banorte will not only be able to consolidate its leadership position but it will also have the opportunity to expand its capabilities in financing and other high value-add projects to sub-national governments and municipalities in which it does not have significant market share as of today.

Composition of the Loan Portfolio to States and Municipalities As of 2Q'17

	GF Banorte	GF Interacciones	GF Banorte / GF Interacciones	Proforma	Concentration
Total	**$87,101**	**$64,139**	58% / 42%	**$151,240**	
Aguascalientes	$1,863	$0	100%	$1,863	1.2%
Baja California	3,636	2,456	60% / 40%	6,092	4.0%
Baja California Sur	492	217	69% / 31%	709	0.5%
Campeche	0	351	100%	351	0.2%
CDMX	0	868	100%	868	0.6%
Chiapas	1,884	1,145	62% / 38%	3,029	2.0%
Chihuahua	3,255	4,501	42% / 58%	7,756	5.1%
Coahuila	6,326	10,270	38% / 62%	16,596	11.0%
Colima	845	886	49% / 51%	1,731	1.1%
Durango	1,264	0	100%	1,264	0.8%
Guanajuato	240	0	100%	240	0.2%
Guerrero	0	1,306	100%	1,306	0.9%
Hidalgo	1,395	0	100%	1,395	0.9%
Jalisco	6,378	2,161	75% / 25%	8,539	5.6%
Mexico	12,606	1,069	92% / 8%	13,675	9.0%
Michoacan	1,378	5,966	19% / 81%	7,344	4.9%
Morelos	789	1,908	29% / 71%	2,697	1.8%
Nayarit	1,338	5	100%	1,343	0.9%
Nuevo Leon	8,649	9,234	48% / 52%	17,883	11.8%
Oaxaca	0	1,158	100%	1,158	0.8%
Puebla	0	763	100%	763	0.5%
Queretaro	72	84	46% / 54%	156	0.1%
Quintana Roo	2,824	5,558	34% / 66%	8,382	5.5%
San Luis Potosi	3,596	0	100%	3,596	2.4%
Sinaloa	3,692	0	100%	3,692	2.4%
Sonora	7,190	7,081	50% / 50%	14,271	9.4%
Tabasco	1,435	10	99% / 1%	1,445	1.0%
Tamaulipas	5,721	1,068	84% / 16%	6,789	4.5%
Veracruz	4,569	5,524	45% / 55%	10,093	6.7%
Yucatan	1,323	6	100%	1,329	0.9%
Zacatecas	4,341	542	89% / 11%	4,883	3.2%

GF Banorte GF Interacciones

Source: CNBV

GF Interacciones portfolio is not only complementary, but also has a lower risk profile than the industry average. As of June 2017, approximately 93.5% of the total loan portfolio has guarantees from federal funds, which has historically resulted in non-performing loan ratios very close to 0%, having an average of 0.17% during the last four years and with non-performing portfolio coverage levels several times above the Mexican banking system average.

We believe that there is a significant opportunity to offer the wide range of products that GF Banorte offers to the current GF Interacciones customer base. GF Banorte has an extensive portfolio of products and great experience to increase cross-selling with the existing customer base, which is especially relevant in the government sector. For example from September 2015 to September 2017, GF Banorte has increased the number of products per customer from 1.765 to 1.836 in such a way that by offering products such as loans and payroll services, consumer loans and cash handling, among others, GF Banorte expects to significantly increase the revenues per GF Interacciones customer.

d) Transaction with low relative execution risk and high degree of expected synergies

As a consequence of GF Interacciones' specialized business model, which operates without branches and with a centralized structure, the risk integration has been analyzed in detail and the conclusions reached by GF Banorte's management indicate low execution risk in relative terms. GF Banorte has a broad experience and recent history of acquisitions and business integration, including the acquisition and integration of Grupo Financiero Ixe in 2011 and Afore Bancomer in 2013.

In the analysis of operating expenses synergies, three main areas have been identified:

i) Personnel

Estimated personnel reduction as a result of an optimization process that will have a an implementation period of approximately six months from the closing date and that will be comprised of two stages, expected to be completed by the end of 2018.

ii) Professional fees

Estimated reduction as a result of leveraging on the GF Banorte platform and economies of scale, elimination of fees paid for services that the current platform of GF Banorte is able to provide without incurring additional significant expenses.

iii) Taxes and other related expenses

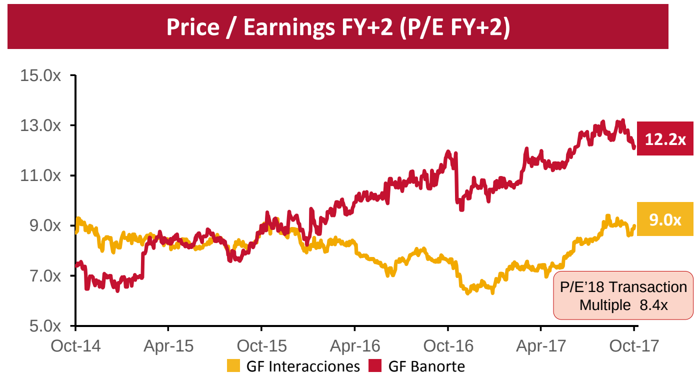
GF Banorte management has identified proportional improvements on VAT, and in particular, significant savings in lease expenses and other expenses related to the physical infrastructure of the combined entity, including rents and other expenses derived from the maintenance of the current offices, both of GF Banorte and GF Interacciones.

We estimate that these three areas of synergies, relating to operating expenses, could represent annual saving between Ps. $2,100 and Ps. $2,300 million pesos pre-tax, which would be equivalent to 65% of the operating cost base of GF Interacciones or 5% of the combined cost base of GF Banorte and GF Interacciones.

Additionally and as a consequence of the relative scales and business models, differences have been identified in the cost of funding between GF Banorte and GF Interacciones where GF Banorte management has estimated a potential reduction in the range of 40-46 basis points in GF Interacciones' funding in the first year following the Transaction, equivalent to approximately Ps. $700-800 million pesos of annual savings before taxes. The current differential between the funding costs of both companies as of June 30, 2017 is higher than 400 basis points.

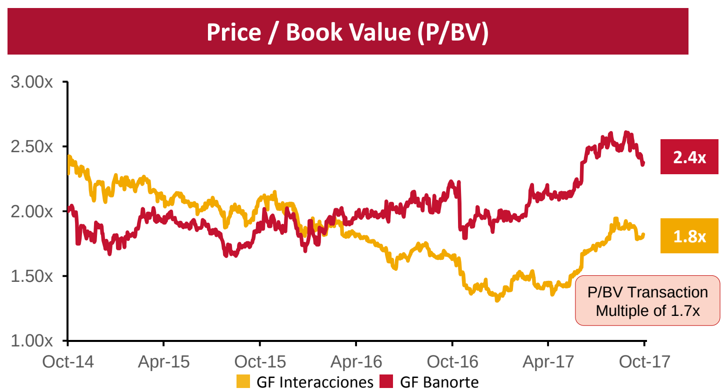
e) Favorable relative valuation of GF Banorte compared to GF Interacciones

As a result of the terms agreed between GF Banorte and GF Interacciones and the GF Interacciones Controlling Shareholders, subject to the vote of the shareholders, the proposed structure of the Transaction could result in a material increase of value for GF Banorte's shareholders, and similarly, for GF Interacciones current shareholders. Taking into account the price per GF Banorte share the day prior to the execution date of the Master Merger Agreement, the implied value per GF Interacciones share in the Transaction of Ps. $98.38 pesos per share represents a 2018E P/E multiple of 8.4x, based on research analysts' consensus estimates, compared to 12.2x for GF Banorte. The difference between the valuation multiples is significant, and observing the evolution the forward P/E multiples of GF Banorte and GF Interacciones during the last three years measured as of October 24, 2017, current conditions suggest an optimal time to carry out the proposed Transaction.



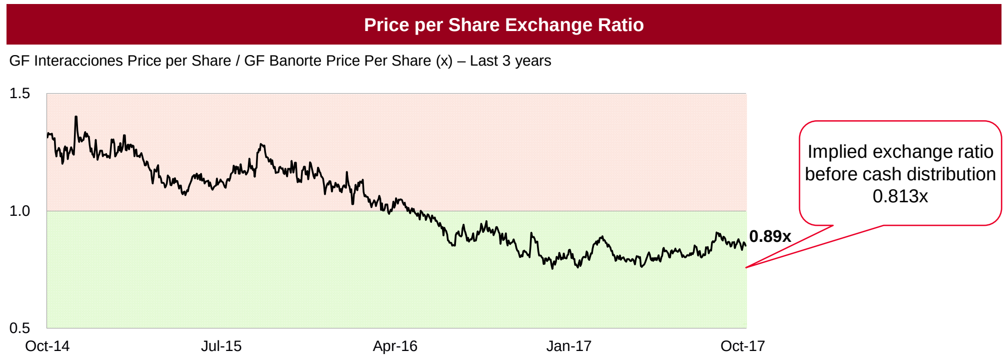
Source: FactSet as of October 24, 2017.

Similarly, if relative values in terms of price to book value ("P/BV") of GF Banorte with respect to GF Interacciones are analyzed, a similar relationship is observed, where the GF Banorte, measured at the implied exchange price at the time of the execution of the Master Merger Agreement, correspond to a multiple of price over book value as of the second quarter of 2017 of 2.4x, while in the case of GF Interacciones, it would have an implied value of 1.7x also measured as of the second quarter of 2017, this is, before the payment of the dividend and/or capital reduction contemplated prior to the closing of the Transaction.

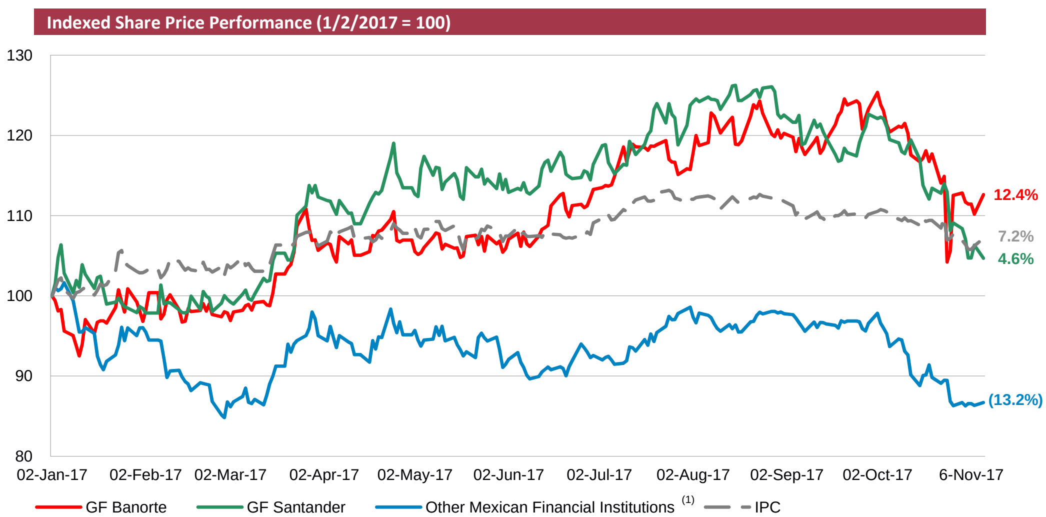


Fuente: FactSet as of October 24, 2017

If the ratio of the value per GF Interacciones share divided by the value per GF Banorte share for the last three years measured as of October 24, 2017 is analyzed, it is also observed that the trend has been in favor of GF Banorte, that is, the number of GF Banorte shares that equate to the value of one GF Interacciones share has decreased significantly during that period.



In addition, GF Banorte's share price has had a favorable performance during 2017 compared to that of other listed large-capitalization financial institutions, like Grupo Financiero Santander, other Mexican financial institutions and the Mexican Prices and Quotations Index (*Índice Nacional de Precios y Cotizaciones* - IPC).



Source: Capital IQ

(1) Includes GFREGIO, BBAJIO and GENTERA

f) *The transaction may result in a significant increase in earnings per share of GF Banorte*

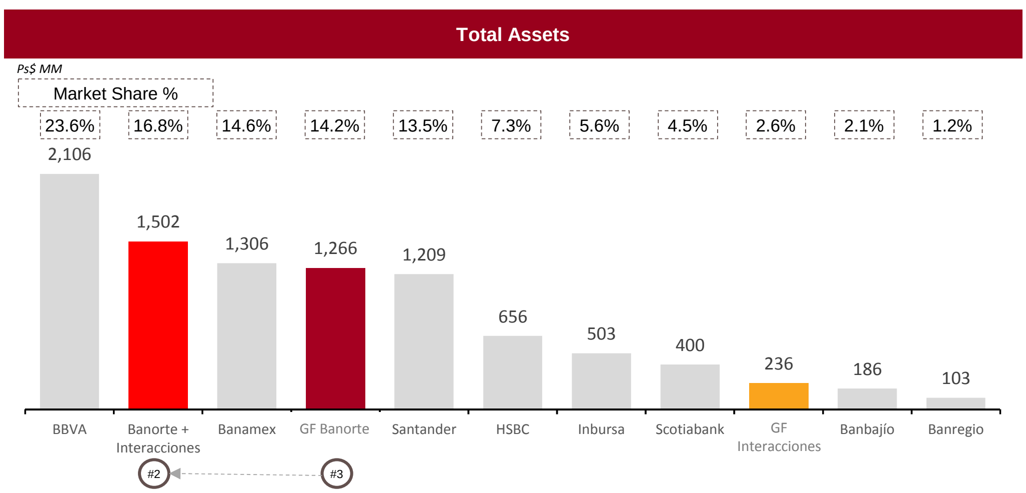
If the Transaction is consummated, GF Banorte shall issue approximately 109.7 million shares to GF Interacciones shareholders. Even with the dilution that will result from the increase in the number of GF Banorte shares, the addition of GF Interacciones earnings, as a result of the exchange terms and expected synergies, we estimate that the effect on the EPS of GF Banorte will be favorable. Based on the exchange ratio of the shares of the Transaction and with the contribution of earnings from GF Interacciones to GF Banorte, we estimate that the Transaction could generate for GF Banorte shareholders, in addition to the strategic and operational value that GF Interacciones will contribute, an increase GF Banorte's proforma earnings per share of approximately 3% during 2018, and between 8.5% and 10.5% during 2019, including the effect of the expected synergies.

g) *The structure of the transaction allows GF Banorte to maintain high levels of capital to continue its profitable and sustainable growth and at the same time evaluate other inorganic opportunities in the near future*

As a result of the Transaction and the proposed structure, it is expected that the capitalization levels of Banco Banorte will not be materially affected. GF Banorte expects to comply with its capital policy for Banco Banorte, which places the core equity ratio measured as a percentage of risk-weighted assets ("Core Equity" or "CET1") at approximately 12.0% and a total capital level measured as a percentage of risk-weighted assets of approximately 15.0%. Although GF Banorte's CET1 could temporarily fall below 12.0% upon the closing of the Transaction, it is expected that by the end of fiscal year 2018, the level of CET1 will return to levels close to 12.0% derived from the high organic generation of capital capacity.

h) GF Banorte consolidates its competitive position, becoming the second largest financial group in Mexico

As a result of the transaction, GF Banorte will become the second largest financial group in Mexico in terms of total assets, total loan portfolio and customer deposits as of second quarter of 2017. GF Banorte and GF Interacciones combined pro forma assets as of June 30, 2017 would amount to Ps. $1,502 billion, total loan portfolio to Ps. $698 billion and customer deposits to Ps. $702 billion. With the integration of GF Interacciones, it is expected that the market share of GF Banorte in the second quarter of 2017 would have increased to 16.8% in total assets and 15.9% in customer deposits. It is expected that the larger scale will allow GF Banorte to compete more efficiently in all its business segments.



Source: CNBV

2.4. GF Banorte's Reasons for the Merger; Recommendation of the GF Banorte Board of Directors

GF Banorte management, together with BofA Merrill Lynch and Morgan Stanley as independent financial experts, presented to the board of directors the combined company's business, operations, financial condition, asset quality, earnings, and prospects of GF Banorte's and GF Interacciones individually and combined. In reviewing these factors, the GF Banorte Board of Directors considered its view that GF Interacciones' financial condition and asset quality are sound, that GF Interacciones' business and operations complement those of GF Banorte, and that the merger and the other transactions contemplated by the merger agreement would result in a combined company with a larger market presence and more diversified loan portfolio with a higher commission generating power, as well as a more attractive funding base, including through core deposit funding, than GF Banorte on a stand-alone basis. Based on the explanations made by the management and the independent experts, the Board of Directors further considered that GF Interacciones' earnings and prospects, and the synergies potentially available in the proposed merger, create the opportunity for the combined company to have superior future earnings and prospects compared to GF Banorte's earnings and prospects on a stand-alone basis. In particular, GF management submitted for consideration of the GF Banorte Board of Directors the following:

- Attractive standalone bank with consistent performance and sustainable profitability;
- Successful and unique infrastructure financing business with high generation of commissions and relevant expansion potential;
- Government lending business complementary to GF Banorte's successful operation, and significant opportunity for cross selling;
- Consolidates Banorte's competitive position in Mexico;
- Significant synergies potential, supported by GF Banorte's proven track record of acquisition integrations and operational excellence coupled with relative low integration and execution risk;
- The anticipated pro forma impact of the merger on the combined financial group, including the expected positive impact on financial metrics including earnings and returns on tangible stockholders' equity;
- Its review and discussions with GF Banorte's management concerning the due diligence examination of Interacciones' business;
- GF Banorte management's expectation that GF Banorte will retain its capital position and asset quality upon completion of the transaction;
- The presentations of BofA Merrill Lynch and Morgan Stanley, GF Banorte's financial advisors, to the GF Banorte Board of Directors, subsequently confirmed in writing, as to the fairness to GF Banorte, exclusively from a financial point of view and based upon and subject to certain assumptions, qualifications, limitations and considerations and which do not in any way address the prices at which the shares of GF Banorte will be listed after the consummation of the proposed transaction or at any moment, nor other aspects of the Transaction, of the merger consideration to be paid by GF Banorte for each share of GF Interacciones common stock pursuant to the Master Merger Agreement, as more fully described below in the sections entitled "Opinion of BofA Merrill Lynch" and "Opinion of Morgan Stanley";
- The fact that GF Banorte's stockholders will have a chance to vote on the stock issuance in connection with the merger; and
- Its review with its independent legal advisor, White & Case, and its independent financial advisors BofA Merrill Lynch and Morgan Stanley, of the financial and other terms of the merger agreement, including the tax treatment, deal protection and termination provisions.

GF Banorte's management also submitted for consideration by the GF Banorte Board of Directors the potential risks related to the merger but concluded that the anticipated benefits of the merger were likely to substantially outweigh these risks. These potential risks include:

- The possibility of encountering difficulties in achieving anticipated cost synergies and savings in the amounts estimated or in the time frame contemplated;
- The possibility of encountering difficulties in successfully integrating GF Interacciones' business, operations, and workforce with those of GF Banorte;
- Certain anticipated merger-related costs;
- The diversion of management attention and resources from the operation of GF Banorte's business towards the completion of the merger;
- The possibility that divestitures may be required by regulatory authorities in certain markets in which GF Banorte and GF Interacciones compete;
- The regulatory and other approvals required in connection with the merger and the bank merger and the risk that such regulatory approvals will not be received in a timely manner or may impose unacceptable conditions;

The foregoing discussion of the information and factors submitted by the management for consideration by the GF Banorte Board of Directors is not intended to be exhaustive, but includes the material factors considered by the GF Banorte Board of Directors. In considering the merits of the transaction for the approval by the shareholders' meeting, the GF Banorte board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The GF Banorte Board of Directors considered all these factors as a whole, including discussions with, and questioning of, GF Banorte's management and GF Banorte's independent financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

For the reasons explained above, the management of GF Banorte presented the potential merger transaction to the board of directors of GF Banorte, and finally, after deliberation, the board of directors resolved that the Transaction covered by this disclosure memorandum has merits to be submitted for consideration and approval by the general shareholders' meeting of GF Banorte and, consequently, resolved to convene the ordinary and extraordinary shareholders' meetings of GF Banorte, so that they may vote and, where appropriate, resolve on the approval of the Transaction.

It should be noted that the explanation of the GF Banorte Board of Directors' reasoning in this section contains information that is forward-looking in nature, and therefore should be read in light of the factors discussed under the heading "Forward-Looking Statements".

2.5. Sources of financing and expenses derived from the Transaction

GF Banorte shall not enter into any financing transaction in relation to the transactions referred to herein, since the Consideration to GF Interacciones shareholders shall be paid as described in Section 1.3 above. As a result of the Transaction, GF Banorte estimates that its regulatory capital shall remain at levels higher than that provided by local regulations and GF Banorte's own capital policy according to Basel III regulations and, therefore, no increase in primary capital is expected.

The main expenses derived from the transaction disclosed in this Disclosure Memorandum are estimated at approximately Ps. $900 million pesos, which includes liquidations, labor liabilities and fees of auditors, and external financial and legal advisors.

2.6. Transaction approval date

GF Banorte board of directors published on November 7, 2017 a call to hold **(*i*)** a general ordinary shareholders' meeting of GF Banorte in order to approve the transaction, given that it qualifies as a "Relevant Acquisition of Assets" in accordance with the bylaws of GF Banorte, to be held at 11:00 am on December 5, 2017; and **(*ii*)** a general extraordinary shareholders' meeting of GF Banorte, in order to approve the merger of GF Banorte and GF Interacciones, to be held at 11:20 hours on December 5, 2017.

On the other hand, the subsequent mergers of the other Interacciones Companies as merged companies and that are extinguished in the relevant Banorte Companies, shall be in turn approved by their respective general extraordinary shareholders' meetings.

2.7. Issuance of new shares for the transaction

As a result of the transaction described herein, GF Banorte shall increase its capital stock, after the Merger takes effect, in the amount of **(*i*)** Ps. $34,913,147.50 (thirty-four million, nine hundred thirteen thousand, one hundred forty-seven pesos 50/100 Mexican currency) corresponding to the minimum fixed portion of the capital stock, resulting in an amount of Ps. $917,463,463.00 (nine hundred seventeen million, four hundred sixty-three thousand, four hundred sixty-three pesos 00/100 Mexican currency), and **(*ii*)** Ps. $349,131,461.00 (three hundred forty-nine million, one hundred thirty-one thousand, four hundred sixty-one pesos 00/100 Mexican currency) corresponding to the variable portion of the capital stock, resulting in an amount of Ps. $9,174,634,616.00 (nine billion, one hundred seventy-four million, six hundred thirty-four thousand, six hundred sixteen pesos 00/100 Mexican currency), an increase represented in its entirety by 109,727,031 (one hundred nine million, seven hundred twenty-seven thousand, thirty-one) common, registered Series "O" shares, with a par value of Ps. $3.50 (three pesos 50/100 Mexican currency) each, of which, 9,975,185 (nine million, nine hundred seventy-five thousand, one hundred eighty-five) Series "O" shares correspond to Class "I" representing the minimum fixed portion of the capital stock and 99,751,846 (ninety-nine million, seven hundred fifty-one thousand, eight hundred forty-six) Series "O" shares correspond to Class "II" representing the variable portion of the capital stock.

These amounts shall be adjusted in accordance with the figures provided by the financial statements closest to the date of obtaining the authorization from the Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) for the Merger.

It is expected that the exchange of GF Interacciones shares for GF Banorte shares as a result of the Merger shall be carried out through Indeval immediately from the date on which the Merger of said companies takes effect.

On the other hand, as a result of the Transaction and the Merger, the Banorte Companies shall increase their capital stock and issue new shares as required to document and implement the relevant mergers.

2.8. If applicable, clarification of any relevant difference between the rights of the securities before the transaction and those that are delivered to the investors as a result of the Transaction that is intended to be carried out.

Pursuant to the transaction described herein, the characteristics of the stock issued by GF Banorte to be delivered to the shareholders of GF Interacciones as a result of the Merger shall not be modified.

2.9. Accounting treatment of the Transaction (indicating which financial reporting standards were used to register the transaction, the accounts that will be affected, etc.)

The transaction will be recorded based on the Mexican Financial Reporting Standard B-7 ("NIF B-7") "Business acquisitions", whereby it is considered that a business acquisitions is the transaction by which an entity acquires, directly or indirectly, the net assets of one or more business and thereby gains control. Includes all mergers between independent entities and is equally applicable to acquisitions that are paid through the issuance of equity instruments.

The merger between GF Banorte and GF Interacciones is considered one of the forms of acquisition covered by the NIF B-7, whereas before the merger those companies were not under common control.

The accounting treatment of this transaction will be conducted applying the purchase method (*método de compra*) established in the NIF B-7, which requires:

a) Determination that a business is being acquired a business, i.e. if the acquired business aside from having assets, has activities coordinated by an administration which applied to such assets generates a product or service.

b) Identification of the acquirer: In any business acquisition, the acquiring entity must be identified. The acquiring entity is the one that obtains control of the acquired business. Sometimes it may not be clear at first who the acquiring entity is. Usually the entity that makes the payment either by a cash consideration, incurring liabilities or is issuing equity, as is the case of GF Banorte.

c) Determination of the acquisition date, the acquisition or purchase date is the date on which the control of the acquired business is transferred to the acquiring entity without any restrictions, except for those established to protect the shareholders or other owners of the acquired business.

d) Initial value recognition of identifiable assets and assumed liabilities of the acquired business. Identifiable assets and liabilities that have to be recognized are those that have asset and liability like characteristics, in accordance to the definitions contained in the NIFs.

e) Measurement of the total transaction consideration: The total value of the consideration received by the previous owners of the acquired business is comprised of the sum of net assets transferred, liabilities assumed by and equity issued by the acquirer to the selling shareholders in relation to the acquisition, all measured at fair value.

f) Recognition of acquired goodwill. Goodwill must be recognized by the acquirer, when the sum of the consideration paid in relation to the acquisition and the non-controlling stake, both valued at fair value, is higher than the net assets of the acquired business valued in accordance with NIF B-7.

Book Ledger accounts that will be affected in the accounting of the operation are:

a) Goodwill, the recognition of the excess consideration paid over the fair value of net assets acquired. For purposes of the proforma financial statements GF Banorte's management is assuming that the net assets acquired from GF Interacciones are presented at fair value.

b) Common stock, by the issuance of equity as consideration to be paid in the transaction.

c) Additional paid-in capital, for the issuance of equity as consideration payable in the transaction.

d) Where appropriate, asset accounts for the assets identified in the registry application of the purchase method.

e) Where appropriate, liability accounts for the liabilities assumed in the implementation process of the purchase method.

2.10. Tax consequences of the Transaction

The Mexican tax provisions establish that the dividends or distributed profits that do not derive from the net after tax profit account or paid in capital account respectively, will trigger an income tax that must be paid by the distributing entity. Such income tax shall be paid by the 17th day of the month following that in which the tax for the distribution of dividends or distributed profits was carried out, and will be creditable against the income tax derived from the taxable income of future profits.

In this regard, the entity which distributes the profits (in this case GF Interacciones) shall recognize in its tax basis of the year, the income tax derived from the distribution as "tax due during the year" and shall also recognize a "favorable deferred tax" for the same amount. Such amount cannot be claimed before the Guarantee Trust B.

After the merger of GF Interacciones in GF Banorte, the mentioned income tax will remain in GF Banorte (merging entity), and must be paid by the 17th day of the month following that in which the tax was generated. However, such tax will not generate tax cost for GF Banorte, since said tax can be credited against the tax caused during the tax year by the merging entity.

For clarity purposes, we estimate that the transaction will not generate any tax cost for GF Banorte.

3. INFORMATION RELATING TO EACH OF THE PARTIES INVOLVED IN THE TRANSACTION

3.1 Information relating to GF Banorte

3.1.1. Name of the issuer

Grupo Financiero Banorte, S.A.B. de C.V.

3.1.2. Business description

GF Banorte is a company authorized to act as a holding company under the forma and terms established by the LRAF.

GF Banorte's main activity is then to participate, directly or indirectly, in the shareholders' equity of the financial entities that are part of GF Banorte and establish, through its corporate bodies, the general business strategies that GF Banorte will follow.

GF Banorte is composed of the following companies: Banco Mercantil del Norte, S.A., Institución de Banca Múltiple, Grupo Financiero Banorte, Banorte Ahorro y Previsión, S.A. de C.V., Pensiones Banorte, S.A. de C.V., Grupo Financiero Banorte, Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte, Afore XXI Banorte, S.A. de C.V., Casa de Bolsa Banorte Ixe, S.A. de C.V., Grupo Financiero Banorte, Operadora de Fondos Banorte Ixe, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Banorte, Arrendadora y Factor Banorte, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Grupo Financiero Banorte, Almacenadora Banorte, S.A. de C.V., Organización Auxiliar del Crédito, Grupo Financiero Banorte and Sólida Administradora de Portafolios, S.A. de C.V., Sociedad Financiera de Objeto Múltiple, Entidad Regulada, Grupo Financiero Banorte.

GF Banorte, through its subsidiaries, offers a wide range of services through the following sectors:

I. **Consolidated Bank:** Its main activity is to offer universal banking services in Mexico through Banco Banorte. These services are offered through the following segments:

- **Retail Banking:** Serves clients through Banco Banorte's Branches, Preferred Ixe Centers and ATM network, alternate channels (POSs, third party correspondents, online, telephone and mobile banking) and the Contact Center. Offers services to individuals, SMEs, Preferente and to states and municipalities governments (for further detail, see Government Banking in this section). Among the products and services offered are: checking and deposit accounts, credit and debit cards, mortgages, car loans, payroll and personal loans, payroll dispersion accounts, as well as car, home, life and SME insurance.

  ✓ **SME Banking:** Offers financial products and services for small and medium companies constituted as legal entities or as individuals with business activity, as well as those constituted under the tax incorporation regime.

  As part of the comprehensive offer of products and services that Banco Banorte provides thorugh the SME Banking, the following solutions stand out:

  - financing through open market and pre-approved campaigns,
  - technology ,
  - saving and investment,
  - business insurance and
  - complementary services as POSs, payroll and SME online banking.

  Products and services may be contracted in packages that adapt to the size and volume of the transactions made by each company, which allows the client to contract and activate several products and services through a unique agreement.

The central axis of our offer is to provide the best assistance and service to our customers, this commitment is backed by the experience of a great team of specialized executives who provide swift, personalized advice at the branches and SME centers strategically located throughout the country.

Banco Banorte has the widest client network in Mexico and is committed to continue supporting small and medium-sized companies with quality products and services because at Banco Banorte we are convinced that the small & medium sized companies are the country's driving force.

- **Wholesale Banking:** It is comprised of Middle-market & Corporate Banking, Transactional Banking, Federal Government Banking and International Banking.

  ✓ **Middle-market and Corporate Banking**: This segment specializes in providing comprehensive financial solutions for middle-market and corporate clients through several forms of specialized financing, including structured loans, syndicated loans, financing for acquisitions and investment plans. Other products and services offered to clients in this segment are: cash management, collection, fiduciary, payroll payment, checking accounts and lines of credit. Middle-market & corporate clients generally consist in multi-national Mexican or foreign companies, large Mexican corporations and medium sized enterprises operating in a wide range of sectors.

  We will continue offering a centralized banking model focused on the client, which establishes the role of the Relationship Executive as the central axis to attend all of the customers' financial needs.

  ✓ **Transactional Banking**: Offers corporate & middle-market clients and financial institutions a comprehensive model of services for promotion, implementation, after-sales service and cash management solutions aiming to increase cross-selling levels.

  ✓ **Government Banking:** In this segment specialized financial services are offered to: federal, state and municipal governments, decentralized entities, other entities such as social security institutions, unions, public trusts, etc. Products and services offered include checking accounts, loans, cash management and payroll payment services, among others. Furthermore, we offer comprehensive public finance advisory in order to increase tax collection and control & manage public expenditure; likewise, financial diagnosis are elaborated to design adequate profiles for debt payment through a solid financial and legal structure, aiming to strengthen their finance situation and improve our clients' credit quality.

  ✓ **International Banking:** Offers products and services to our corporate, middle-market and SME clients with international trade needs. Banco Banorte's International Banking has strategic agreements with financial institutions abroad, which allows to offer our clients highly competitive solutions and financial services locally and all over the world.

  Some of the products and services offered are: letters of credit for imports and exports, documentary collections, standbys, financing for letters of credit, international transfers, payment of domestic utilities and remittances.

Our subsidiary in New York, Banorte Ixe Securities, offers a range of investment alternatives abroad, mainly for the investor base of Wealth Management of the broker dealer in Mexico, as well as for onshore clients in the U.S.

II. **Long-term Savings Sector**: Offers insurance, as well as management of retirement savings accounts covering saving, protection and prevision needs through Afore XXI Banorte, Seguros Banorte and Pensiones Banorte.

- **Afore XXI Banorte:** Is the fund administrator of the largest retirement fund in Mexico which provides advantages in terms of scale with lower operating costs and potential to have robust operation, investment and service areas. The aforementioned translates into greater benefits for our customers, for example, being one of the companies with one of the lowest commissions in the industry.

- **Pensiones Banorte:** Company that manages social security pensions, positioned as one of the strongest players in the market. It implemented projects such as the survival verification through Banorte Voice Signature, a process which increases our competitive advantage, enhancing customer experience.

- **Seguros Banorte:** The company has a range of protection and preventive services such as life insurance, car insurance, home and health insurance, among others. Its products are offered through different distribution channels, for example the branch network and channels composed of agents and brokers.

III. **Brokerage Sector:** Companies comprising this sector are: Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe. These subsidiaries provide products and services to individuals and corporations including brokerage services, financial advisory, portfolio structuring and management, asset management, investment banking and sale of investment funds and equity & debt instruments.

IV. **SOFOM and Other Finance Companies Sector:** Companies comprising this sector are: Arrendadora y Factor Banorte (leasing and factoring), Almacenadora Banorte (warehousing) and Solida Administradora de Portafolios.

- ✓ **Leasing and Factoring:** Provides leasing and factoring services.

- ✓ **Warehousing:** Offers warehousing, inventory management, commercialization and logistics services.

- ✓ **Solida Administradora de Portafolios:** It is the asset recovery unit of the Financial Group, is in charge of management, collection and recovery of the loans originated by the bank presenting defaults on payments. Furthermore, it carries out the management and collection of loan and real estate portfolios acquired through public and private auctions.

For more information in connection with GF Banorte business, see section 2 of the Annual Report of GF Banorte that can be consulted on the following websites: www.banorte.com (within the Investor Relations / Information section) Financial / Annual Report) and www.bmv.com.mx

3.1.3. Issuer’s evolution description (emphasis on last year events)

Relevant historic information of GF Banorte

GF Banorte's origins date back to the founding of Banco Mercantil de Monterrey in 1899 and Banco Regional del Norte in 1947, both with headquarters in Monterrey, Nuevo Leon, Mexico. These banks merged in January 1986 under the name of Banco Mercantil del Norte, Sociedad Nacional de Credito. In 1987, under a Mexican government privatization initiative, the government sold to the public approximately 34% of GF Banorte's capital stock. In 1990, the Mexican Constitution was amended to permit the re-privatization of Mexican commercial banks; afterwards, the government enacted the LIC which permitted private ownership of Mexican commercial banks. Additionally, in the same year, leasing services were offered, and in 1991 factoring and warehousing services were also available.

The re-privatization of Mexican commercial banks began in 1991. Derived from this process, in July 1992 Afin Grupo Financiero, S.A. de C.V. was incorporated and later on, in September of the same year, the SHCP authorized the operations of the Holding company as a financial services provider under the LRAF, thus originating Grupo Financiero Banorte.

The 1995 Mexican peso crisis and the penetration of foreign institutions in Mexico prompted the consolidation of the Mexican Banking System which resulted in the absorption of many smaller Mexican banks. With the objective of becoming a national financial institution and taking advantage of GF Banorte's relative strength in the Mexican banking system, GF Banorte completed the acquisition and integrated Bancen in March 1997 in order to gain additional market share, specifically in the central and western regions of Mexico. Additionally in August 1997, 81% of Banpais' shares were acquired, enabling further expansion of the client base, geographical position and national coverage. Aiming to consolidate banking activities and strengthen GF Banorte's capitalization levels, Banpais was merged into GF Banorte in January 2000, the later one subsisting.

Subsequently, in December 2001, Banco Banorte acquired Bancrecer and on March 31, 2002, took over its management, initiating its integration. The SHCP authorized the merger, being Bancrecer the merging entity and GF Banorte the merged institution, changing the name of the merging entity to "Banco Mercantil del Norte, S.A., Institucion de Banca Multiple, Grupo Financiero Banorte."

On August 28, 2006, Bancen merged with Banorte through the resolutions of their respective Extraordinary General Shareholders' Meetings held on August 16 and 17, 2006, thereby concluding the last phase of integration of this bank, as of that date, Bancen extinguished (being the merged company.)

As part of the development strategy in the U.S., in November 2006, Banco Banorte acquired 70% of INB shares, a regional bank based in Texas with its headquarters in McAllen. In 2007, Banco Banorte finalized the 100% acquisition of Uniteller, a New Jersey-based remittances company, and in the same year acquired 100% of Motran Services, Inc., another remittances company based in California (the latter merged with Uniteller in 2014). Later on, on April 1, 2009, Banco Banorte purchased the remaining 30% of INB Financial Corp. shares.

On March 30, 2007, the Bonding Company was divested from GF Banorte, and as of January 31, 2008, the Leasing and Factoring companies were merged.

Regarding the Long-Term Savings sector, on September 30, 1997, a joint-investment contract was signed with Assicurazioni Generali S.P.A., entitling the Italian institution to 49% of Afore Banorte (until December 2011), Seguros Banorte and Pensiones Banorte, officially integrating the Long-Term Savings sector. In 2009, Afore Banorte Generali (former Afore *joint venture*) acquired Ixe

Afore, Afore Ahorra Ahora and Afore Argos pension funds in order to further increase its market share in the Mexican pension fund management sector . On August 16, 2011, GF Banorte and the Instituto Mexicano del Seguro Social (IMSS) signed an a agreement to merge their respective Siefores (Retirement Savings Funds). On January 16, 2012, the merger of Afore Banorte and Afore XXI, and their respective Siefores became effective after receiving the authorizations from their Shareholders' Assemblies, SHCP and Mexican National Commission for the Retirement Savings System (CONSAR), thereby creating Afore XXI Banorte, Banorte and the IMSS each owning 50% of the entity. In January 2013, Afore XXI Banorte finalized the acquisition of 100% of Afore Bancomer, subject to approval by the corresponding authorities, including CONSAR and COFECE, thus becoming the largest retirement savings manager in Mexico. On October 4, 2013, GF Banorte finalized the acquisition of the 49% stake in the Seguros Banorte and Pensiones Banorte held by Assicurazioni Generali S.p.A.'s, after receiving the corresponding governmental authorizations from COFECE and SHCP.

Furthermore, as part of the efforts to consolidate as one of the most important financial groups in Mexico, on November 17, 2010, GF Banorte and Ixe GF entered into a binding merger agreement through a stock-for-stock transaction valued at approximately Ps.16.2 billion (approximately U.S. 1.3 billion). At the beginning of 2011, authorizations to carry out the merger were obtained from CNBV, the Shareholders' Meetings, SHCP and COFECE. The merger came into effect on April 15, 2011 after registering the authorization and merger agreement in the Public Registry of Commerce in Monterrey, Nuevo Leon. Derived from this merger, GF Banorte became the third largest financial group in Mexico in terms of total assets, distribution network, deposits and loans.

The merger of these financial groups derived in a corporate restructuring process that has continued until recent days, accordingly with corresponding authorizations:

i. On January 1, 2012, Casa de Bolsa Banorte (merged and extinguished company) merged into Ixe Casa de Bolsa (merging and surviving entity); thus, originating Casa de Bolsa Banorte Ixe.

ii. On May 7, 2013 came into effect the merger of Ixe Automotriz - as merged entity - into Arrendadora y Factor Banorte, which survived as merging company.

iii. On May 24, 2013 came into effect the merger of Ixe Banco and Fincasa Hipotecaria into Banco Mercantil del Norte – as merging company –, as well as the divestment of Banorte's interest in Solida through a spin-off and the merger of Solida into Ixe Soluciones, the latter as merging entity, which changed its name to Solida Administradora de Portafolios, S.A. de C.V. SOFOM, Entidad Regulada. As a result of this merger Ixe Banco, Fincasa Hipotecaria and Solida ceased to exist.

On November 12, 2009 International Financial Corporation (IFC) invested US 150 million dollars in Banco Mercantil del Norte, which represented 4.48% of the bank's equity. During March, 2013, GF Banorte signed an agreement with the IFC in order to finalize the capital investment made in November 2009, which contemplated a 5 year term to cover with a cash payment the investment plus capital gains, or convert GF Banorte's shares held by the IFC into shares of GF Banorte, in order to then sell them through an orderly process.. In this sense, and given that the exchange period ended in November 2014, GF Banorte made an initial cash payment of Ps 2.14 billion, which was funded through dividends paid by its subsidiaries. Subsequently, on December 6, 2013 the IFC received the payment in order to finalize its participation in GF Banorte, equivalent to 54,364,887 shares of the Group. With this payment, the IFC does not longer have any patrimonial interest on GF Banorte or its subsidiaries.

Relevant events in 2016

<u>Corporate restructuring: creation of Banorte Ahorro y Prevsión and Banorte Futuro</u>

During 2016 GF Banorte has launched a series of efforts to consolidate as a leading institution in Mexico. One of these initiatives is related to improve the Group's and its subsidiaries' corporate structure, aiming to:

- provide greater flexibility to foster the Group's growth;
- align business units and subsidiaries to GF Banorte's diversification strategy;
- improve the capital allocation of the entities comprising it.

As per approval of the Board of Directors of the company, at the end of 2015 GF Banorte requested authorization to the Ministry of Finance (SHCP) for:

1) creating the Sub-holding Banorte Ahorro y Previsión, S.A. de C.V. (Banorte Ahorro y Previsión or BAP);
2) GF Banorte's investing 99.9% of the equity at the newly created Sub-holding –- Banorte Ahorro y Previsión;
3) GF Banorte's transmitting its holding of representative shares of Pensiones Banorte, S.A de C.V., Grupo Financiero Banorte (Pensiones Banorte) and Seguros Banorte, S.A. de C.V., Grupo Financiero Banorte (Seguros Banorte) equity towards BAP, through contribution in kind, given the capital increase to be carried out at BAP.

On March 16th, the SHCP – considering the opinion of Banco de México, the National Banking and Securities Commission (CNBV) and the National Insurance and Bonding Commission (CNSF) – authorized items 1 and 2, through the communication No. UBVA/DGABV/213/2016.

As a result, on March 30th, the Sub-holding company was formally constituted by Bylaws 187,394, registered at Registro Público de la Propiedad y Comercio on April 29th. Furthermore, on April 20th the SHCP approved Banorte Ahorro y Previsión's Bylaws, through the communication No. UBVA/DGABV/330/2016.

Regarding item 3 –transmission of Pensiones Banorte and Seguros Banorte shares towards BAP -, after obtaining the corresponding authorizations from CNBV, CNSF and the National Comission of the Retirement Saving Funds System (CONSAR), on September 1st, 2016, Banorte Ahorro y Previsión held a general shareholders' meeting in which a capital raise, paid in Pensiones Banorte and Seguros Banorte shares by GF Banorte, was approved.

Furthermore, in the general shareholders meeting of Banco Banorte held on November 14th, 2015, the creation of Banorte Futuro, a spin-off from Banco Banorte, was approved. Banorte Futuro, as a sub-controller of GF Banorte, will have as a main activity to acquire and manage shares of financial entities, service providers and real estate companies, under the forms and terms established by the LRAF.

As a result of the spin-off, Banco Banorte transferred to Banorte Futuro, as the resulting new company, the outstanding shares of Afore XXI Banorte. Banorte Futuro will assume all of the obligations derived from the acquired capital stocks, as consequence of the spin-off.

On August 16th, 2016, Seguros Banorte obtained the approval from CNSF, through official authorization number 06-C00-41100/24219, to (i) modify its by-laws; and (ii) invest directly in Banorte Futuro's equity and indirectly in Afore XXI Banorte's equity.

Afterwards, on August 26th, 2016, CONSAR, through official communication D00/100/390/2016 authorized Seguros Banorte to indirectly aquire 50% of Afore XXI Banorte outstanding shares, as a consequence of the spin-off of Banco Banorte.

On October 12th, 2016, the SAT, through official communication 900-08-03-2016-572 authorized the transfer at fiscal cost of the transferred shares of Banorte Futuro (i) in favor of Banorte Ahorro y Previsión; and (ii) afterwards, in favor of Seguros Banorte.

On October 17th, 2016, the public deed 192,963, dated on October 13th, 2016, containing the partial notarization of the minute corresponding to the general shareholders' meeting of Banco Banorte held on November 4th, 2016, in which, among others, the spin-off of Banorte Futuro from Banco Banorte and the subsequent capital reduction of Banco Banorte was approved, was inscribed in the Public Registry of Property and Commerce of Monterrey, under commercial folio number 81438*1.

Additionally, on the same day, the public deed 192,964, dated October 13, 2016, containing Banorte Futuro's by-laws was inscribed in the Public Registry of Property and Commerce, under the electronic folio number 2016024100.

As of the above, the abovementioned transactions took effect since October 17, 2016.

Banorte IXE Tarjetas merges with Banco Mercantil del Norte

On May 2nd took place the legal merger (the "Merger") between Banorte-Ixe Tarjetas, S.A. de C.V., SOFOM, E.R. ("Banorte-Ixe Tarjetas") and Banorte, the latter as the merging entity.

This event took place following receipt of authorization by the Ministry of Finance and Public Credit number No. UBVA/023/2016 dated April 15th, 2016.

As part of the process, in GF Banorte's Extraordinary General Shareholders' Meeting held on November 19th, 2015, the following amendments were approved: i) to the second article of the Corporate bylaws, aiming to exclude Banorte-Ixe Tarjetas as an entity that comprises the Financial Group; and ii) to the Agreement of Shared Responsibilities according to the Law Regulating Financial Groups, in order to remove Banorte-Ixe Tarjetas from it and have Banorte as successor of that company.

The Merger's agreements, along with their corresponding authorizations, were properly subscribed in the Public Registry of Commerce of Mexico City and Monterrey, N.L., thus, as of this date all the legal effects are ongoing.

It's noteworthy that the Merger will not affect Banorte's consolidated financial statements, since Banorte-Ixe Tarjetas, as its subsidiary, already consolidated its financial information in it.

Issuance of Tier 2 subordinated preferred capital notes for USD $500 million.

On October 4th, Banco Banorte successfully concluded the issuance of the Tier 2 Subordinated Preferred Capital Notes for USD $500 million in the international markets.

This transaction considered the issuance of Tier 2 Notes with a 15-year term and a coupon rate at 5.750%, callable at the tenth year. Ratings granted by Moody’s and Fitch were Ba1 and BB+, respectively. These debentures are Basel III-compliant.

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

Prepayment of Banorte’s subordinated non-preferred & noncumulative obligations, due 2021.

On October 13th, 2016 Banco Banorte exercised the prepayment option of the Subordinated Non-preferred & Non- cumulative Obligations, due 2021 amounting to US $200 million dollars.

These obligations were issued on October 13, 2006 and had a prepayment option as of the tenth year.

Early settlement of the UMS 5.625% global notes due 2017 (current assets of the F/00374 trust)

On September 9th Banco Banorte settled early and in full USD $120 million in government securities known as United Mexican States (UMS) 5.625% Global Notes due 2017 (CUSIP: 91086QAU2, ISIN: US91086QAU22). These were part of the current assets of the F/00374 Trust, which was constituted on June 21st, 2006, acting as:

- **Trustor:** Banorte.
- **Only Beneficiary:** Banorte.
- **Trustee:** CIBanco, S.A., Institución de Banca Múltiple (former denominated as The Bank of New York Mellon, S.A., Institución de Banca Múltiple, final universal successor of Banco J.P. Morgan, S.A., Institución de Banca Múltiple, J.P. Morgan Grupo Financiero, Trustee Division).

Prepayment of subordinated obligations Q Banorte 08-2

In December Banco Banorte prepaid Subordinated Preferred & Non-Convertible Obligations Q Banorte 08-2 amounting to Ps 2.75 billion, issued on June 27, 2008 and due on June 15, 2018.

GF Banorte joins FTSE4GOOG Emerging

In December 2016, GF Banorte was included in the Sustainability Index FTSE4Good Emerging Index of the London Stock Exchange, becoming the only Mexican financial institution within the top 10 of Latin American companies.

In order to be considered in this index, the companies' performance is assessed comprehensively from environmental, social and corporate governance scopes. As member of the FTSE4Good Emerging Index, GF Banorte increases its presence in global markets and consolidates as a financial actor committed to sustainability. This is one step more targeted towards the objective to attract more responsible investors interested in doing business with us.

Relevant events in 2017

The main relevant events published by GF Banorte during fiscal year 2017 are mentioned below:

Prepayment of subordinated obligations Q Banorte 08-2

On January 3, 2017, Banco Banorte prepaid Subordinated Non-Preferred and Non-Convertible Obligations Q Banorte 08 amounting to Ps 3 billion, issued on March 11, 2008 and due on February 27, 2018.

Standard & Poor´s confirms ratings for Banco Mercantil del Norte and Casa de Bolsa Banorte Ixe

On March 8, Standard & Poor's ("S&P") confirmed Banco Banorte long & short-term global and national scale ratings; moreover, S&P also ratified ratings for Casa de Bolsa Banorte. The outlook for the global scale remains negative, as a result of the sovereign's outlook, and for the national scale ratings stable.

The rating action derives from the bank's sound financial performance, mainly on its position in the banking system in terms of total deposits, the increasing presence in the retail segment, assets' quality and improvements in the efficiency ratio; as well as its strengthening in the internal capacity of capital generation.

Below is the list of modified ratings:

- SACP to **"bbb+"** from "bbb".
- Subordinated Junior Notes (from the merged Ixe Banco) to **"BB+"** from "BB".

Below is the list of confirmed ratings:

Banorte:

- Global Scale - Counterparty Credit	BBB+ / Negative / A-2
- National Scale – Counterparty Credit	mxAAA / Stable / mxA-1+

Casa de Bolsa Banorte Ixe:

- National Scale – Counterparty Credit	mxAAA / Stable / mxA-1+

International Bank

On March 31, Banco Banorte finalized through INB Financial Corporation (subsidiary of Banorte) the sale of its ownership in the representative shares of Inter National Bank, in favor of a group of investors in the United States of America.

The aforementioned derives from the corporate restructuring process that GF Banorte is going through; further information may be checked in Banco Banorte's financial statements corresponding to 2016.

Banco Banorte was reaffirmed as Level II – Domestic Systemically Important Financial Institution

In April 10, 2017, Banco Banorte was reaffirmed as Level II - Domestic Systemically Important Financial Institution by the National Banking and Securities Commission ("CNBV"), which highlights Banco Banorte's importance in the Mexican Financial System.

The aforementioned derives from the annual review that the Board of the CNBV carries out based on Credit Institutions' information as of December 2016. Such designation implies that Banco

Banorte must maintain a capital buffer of 0.90 pp, to be constituted progressively in up to four years –due on December 31, 2019-, additional to the regulatory Capitalization Ratio ("CR") of 10.5%, this means that Banco Banorte's minimum CR will amount to 11.4% at the end of 2019.

It's noteworthy that even though the CNBV will allow a progressive fulfillment, Banco Banorte's CR was 15.28% as of December 31, 2016, so Banco Banorte complies with the new requirement.

May 3, 2017 - Resolution issued by COFECE

GF Banorte informed to the investment public that Afore XXI Banorte S.A. de C.V. ("Afore XXI Banorte") was notified on the resolution of file IO-003-2015 regarding monopolistic practices in the Afore market (pension funds). The practice for which Afore XXI Banorte was fined consisted on temporary measures taken along with other three pension fund managers, to delay transfers of workers that constantly changed their Afore.

The plenary session of the Federal Commission of Economic Competition ("COFECE") determined at its meeting held on April 20, to impose a sanction on Afore XXI Banorte for Ps 428'834.204.81, which was reduced to Ps 300'183,943.36 on the immunity program to which Afore XXI Banorte was enrolled.

Afore XXI Banorte has collaborated and endorsed its commitment to free competition and strict compliance to legislation. In this sense, Afore XXI Banorte has cooperated with COFECE in due process and has taken all necessary measures to ensure unrestricted compliance with the regulation on competition matters. Afore XXI Banorte reiterates its commitment with users to continue generating value to their savings.

Afore XXI Banorte is assessing legal alternatives to challenge the amount of the imposed sanction.

As the investment public is aware of, GF Banorte holds a stake of 50% of the representative shares of Afore XXI Banorte's equity through Banorte Futuro S.A. de C.V. Afore XXI Banorte has its own management, obeying its corresponding proceedings on Corporate Governance, which shall follow-on properly.

GF Banorte will oversee that this subject be followed-on and will keep informed to the investment public

May 16, 2017 - Fitch Assigns 'Excellent(mex)' Rating to Operadora de Fondos Banorte Ixe as Asset Manager

On that day, GF Banorte informed to the investment public that Fitch Ratings assigned 'Excellent(mex)' Rating to Operadora de Fondos Banorte Ixe, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Banorte ("OBI") as Asset Manager. The factors for the assignment of the highest rating were:

- superior investment process and operational framework compared to the standards applied by institutional investors in Mexico,
- broad expertise of Operadora's management team,
- adequate Corporate Governance fostering interest alignment with investors, and
- OBI's relevance as subsidiary of GF Banorte.

June 6, 2017 - Clarification to the information published in the media on Oceanografia

Regarding the news on the resolution of the bankruptcy judge of Oceonografia dismissing the disposal of the trust that would cover the its credit exposure with GF Banorte, it is informed to the investment public that such resolution will not affect the results of the year as Oceanografica's credit exposure was fully written-off in October 2014.

June 21, 2017 - Clarification to the information published in the media

Regarding the news published today, GF Banorte confirms that a relationship officer of a branch of Casa de Bolsa Banorte Ixe located in Monterrey carried out irregular transactions that affected a group of clients. Affected clients have been already contacted and were directed case by case towards the Special Service Unit for Clients and Users.

GF Banorte reiterates its efforts to protect the legitimate interests of its clients and considers that this event does not affect materially its results of operation.

June 30, 2017 - Prepayment of Q BANORTE 12 Subordinated Obligations

Banco Banorte prepaid subordinated preferred & nonconvertible obligations Q Banorte 12 amounting to Ps 3.2 billion, issued on June 8, 2012 and due on May 27, 2022.

July 6, 2017 - Issuance of Tier 1 Capital Notes for USD 900 million

Banco 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.

October 23, 2017 - Banorte and Paypal Launch Strategic Partnership

GF Banorte and PayPal announced a strategic partnership that will allow their clients to improve their online shopping experience through each company's digital platforms.

Through their online or mobile banking platform, Banco Banorte's clients will be able to link a credit or debit card to a new or existing PayPal account and transact with merchants in Mexico and around the world with ease and convenience that our joint customers have come to expect. This agreement will allow customers who bank with Banco Banorte to set their default funding source within PayPal and check their PayPal balance directly on Banco Banorte's website and mobile app.

With this agreement, Banco Banorte is the first bank in Mexico and Latin America to partner with PayPal to offer a seamless experience where its customers will be able to link their credit and debit cards to their new or existing PayPal accounts.

"We are very excited to have the opportunity to work with PayPal, one of the main and most secure online payment platforms for ecommerce in the world", commented Manuel Romo, Director of Payment Methods at GF Banorte. "We are convinced that this partnership will allow us to bring great payment methods innovations to the Mexican market", he concluded.

This partnership will also grant Banco Banorte customers access to PayPal's 17 million merchants network worldwide. Both companies will collaborate on future initiatives to make online purchases more seamless for their customers.

"PayPal is proud to be partnering with some of the world's most important technology companies and financial institutions to make digital and mobile payments more accessible to our customers around the globe. GF Banorte is a great example of how our partnership approach is bringing innovation to customers in Mexico and Latin America," said Blas Caraballo, General Manager in Mexico, PayPal. "We look forward to working closely with Banco Banorte to create great payments experiences for our mutual customers."

3.1.4. Capital Structure

As of the date of this disclosure memorandum, the subscribed and paid-in capital of GF Banorte amounts to $9,708,053,470.50, represented by 252,157,233 registered, Series "O", Class "I", common shares, representing the fixed portion of its capital stock; and 2,521,572,330 registered, Series "O", Class "I", common shares, representing the variable portion of its capital stock.

The following table shows GF Banorte capital structure before and after the Merger:

STOCKHOLDERS' EQUITY AS OF SEPTEMBER 2017	Before the Merger	After the Merger
PAID-IN CAPITAL		
Common Stock	$14,576	$14,960
Additional paid-in capital	35,780	48,241
	50,356	**63,201**
OTHER CAPITAL		
Capital reserves	5,095	5,095
Retained earnings from prior years	71,592	71,592
Result from valuation of securities available for sale	(2,428)	(2,428)
Result from valuation of instruments for cash flow hedging	(1,884)	(1,884)
Result from valuation of reserve for unexpired risks variations in rates	65	65
Result from Conversions	1,613	1,613
Defined remedies for employees benefits	(741)	(741)
Net income	17,426	17,426
	90,738	**90,738**
MINORITY INTEREST	1,896	1,896
TOTAL STOCKHOLDERS' EQUITY	**142,990**	**155,835**

There is no shareholding in GF Banorte, direct and individual, of the directors and senior executives of GF Banorte, with a position greater than 1%, in accordance with the lists of shareholders prepared by the General Ordinary Shareholders' Meeting and the General Extraordinary Shareholders' Meeting held on August 19, 2016.

As of the date of this disclosure memorandum, the chairman of GF Banorte owns, directly or indirectly, 18.7% of the outstanding shares of GF Interacciones.

On the other hand, the sister of the chairman of GF Banorte and other members of his family, excluding Carlos Hank Rhon, own 8.7% of GF Interacciones, and his father, Mr. Carlos Hank Rhon, 40.7 % of GF Interacciones.

No other director (of the board of directors or the committees of said board of directors, including the members of the ACPC) or senior executive of GF Banorte owns more than 1% of GF Interacciones.

3.1.5. Existence of material changes in the financial statements since the most recent annual report.

The most recent annual report presented by GF Banorte related to the year ended December 31, 2016 and is available on the websites of the Mexican Stock Exchange and GF Banorte.

Management's Discussion and Analysis of GF Banorte

GF Banorte reported a net income of $19,308 million in 2016, +13% higher than the previous year and +27% higher than 2014.

The contribution to the accumulated income of 2016 by business sector are:

The Consolidated Banco Banorte* net profits totaled $15,044 million, up $1,526 million or +11% as compared to 2015. **Consolidated Banco Banorte in 2015 includes Banco Mercantil del Norte, Banorte-Ixe Tarjetas, Banorte USA and Afore XXI Banorte in a 50% share; while in 2016 it included Banco Mercantil del Norte - a merger company of Banorte-Ixe Tarjetas since May - and Banorte USA - deconsolidated and reported in the discontinued operations line item as of 4Q16 and excludes Afore XXI Banorte since as of 4Q16 it was reported within the Long-Term Savings sector*. The Consolidated Banco Banorte net income -according to GF Banorte's share percentage – in 2016 amounted to $13,804 million, up by $1,747 million or + 14% YoY, contributing 71% of GF Banorte's profits.

Net income for the Long-Term Savings Sector, comprised of Afore XXI Banorte, Seguros Banorte and Pensiones Banorte, was $5,727 million in 2016, up +12% YoY. According to GF Banorte participation in this sector, the accumulated profits amounted to Ps. $4,434 million pesos, +16% higher to those reported in 2015, representing 23% of GF Banorte's accumulated earnings. The increase was due to a better dynamic in all the companies that make up this sector, highlighting the contribution by Seguros Banorte (driven by higher technical result and the increase in Other Operating Income (expenses)) and Pensiones Banorte (favored by higher Total Income).

During 2016, the Brokerage Sector comprised of Casa de Bolsa Banorte Ixe and Operadora de Fondos Banorte Ixe reported profits of $832 million, +5% YoY driven by higher non-interest income, trading and other products (expenses) net, as well as by lower non-interest expense and tax payments. The accumulated income of this sector accounted for 4% of GF Banorte income.

The SOFOM and Other Finance Companies Sector comprised of Arrendadora and Factor Banorte, Almacenadora Banorte, Sólida Administradora de Portafolios and Ixe Servicios registered income during 2016 for $178 million, a decrease of (64%) as compared to 2015. According to GF Banorte participation in this sector, accumulated profits amounted to Ps. $184 million pesos, an annual decrease of (63%). The accumulated income of this sector accounted for 1% of GF Banorte earnings.

Grupo Financiero Banorte

Consolidated Income Statement of the Group

	2016	2015 1)	2014
Interest income	$80,264	$69,302	$72,579
Premium income (Net)	21,307	19,074	18,692
Interest expense	(27,383)	(23,642)	(27,861)
Increase in technical reserves	(8,477)	(7,131)	(9,655)
Casualty rate, Claims and other Contractual Obligations (Net)	(12,654)	(11,027)	(9,659)
NET INTEREST INCOME (NII)	**$53,057**	**$46,576**	**$44,096**
Loan Loss Provisions	(13,313)	(10,687)	(11,196)
NET INTEREST INCOME ADJUSTED FOR CREDIT RISK	**$39,744**	**$35,889**	**$32,900**
Fees Charged	16,683	14,566	12,820
Fees Paid	(6,056)	(4,847)	(4,267)
Trading Income	2,346	2,954	4,420
Other Operating Income	3,491	2,937	3,260
Non-Interest Income	**$16,465**	**$15,611**	**$16,233**
Administration and promotional expenses	(31,243)	(29,594)	(29,232)
OPERATING INCOME	**$24,965**	**$21,905**	**$19,901**
Subsidiaries' Net Income	1,246	1,201	1,220
PRE-TAX INCOME	**$26,211**	**$23,106**	**$21,121**
Income Tax	(7,056)	(5,605)	(8,040)
Deferred Income Tax (Net)	178	(386)	2,372
Taxes	**(6,878)**	**(5,991)**	**(5,668)**
INCOME BEFORE DISCONTINUED OPERATIONS	**$19,333**	**$17,115**	**$15,453**
Discontinued operations	243	233	0
INCOME FROM CONTINUOUS OPERATIONS	**19,576**	**17,348**	**15,453**
Minority interest	(268)	(240)	(225)
NET INCOME	**$19,308**	**$17,108**	**$15,228**

Million pesos.

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

Below is a breakdown of the most important items of the income statement:

Net Interest Income

	2016	2015 1)	2014
Interest Income	$73,204	$63,623	$65,303
Interest Expense	26,893	23,260	27,494
Fees Charged	1,206	1,207	2,238
Fees Paid	490	383	367
Net Interest Income without Insurance and Annuities	**$47,027**	**$41,187**	**$39,680**
Premium Income (Net)	21,307	19,074	18,693
Technical reserves	8,477	7,131	9,655
Damages, Claims and Other Obligations	12,654	11,027	9,659
Technical Result	**$176**	**$916**	**($622)**
Net Interest Income (Expense)	5,854	4,473	5,038
Net Interest Income for Insurance and Annuities	**$6,030**	**$5,389**	**$4,416**
Net Interest Income GFNorte	**$53,057**	**$46,576**	**$44,096**
Credit Provisions	13,313	10,687	11,196
Net Interest Income Adjusted for Credit Risk	**$39,744**	**$35,889**	**$32,900**
Average Earnings Assets	$1,104,742	$1,059,044	$944,776
NIM 2)	**4.8%**	**4.4%**	**4.7%**
NIM adjusted for Credit Risk 3)	**3.6%**	**3.4%**	**3.5%**
NIM adjusted w/o Insurance and Annuities	**4.6%**	**4.2%**	**4.5%**
NIM from loan portfolio 4)	**7.9%**	**7.7%**	**8.2%**

Million pesos.

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.
2. NIM (Net Interest Margin) = Annualized Net Interest Income / Average Earnings Assets.
3. NIM adjusted for Credit Risk = Annualized Net Interest Income adjusted for Credit Risk / Average Earnings Assets.
4. NIM from loan portfolio = Annualized Net Interest Margin from loan portfolio / Average Performing Loans.

GF Banorte's Net Interest Income (NII) increased +14% YoY, going from $46,576 million in 2015 to $53,057 million in 2016. This result was driven mainly by the NII excluding Seguros Banorte and Pensiones Banorte, which amounted to $47,027 million in 2016, up by +14% compared to 2015, reflecting a growth in loans and deposits, as well as interest rate hikes that Banxico carried out in December 2015 and during 2016, accumulating +275 bps. Favorable results came from a +16% increase in NII from loans and deposit, as well as by +10% in NII from repos.

The Net Interest Margin (NIM) in 2016 amounted to 4.8%, a + 40 bps increase compared to 2015. This growth was mainly the result of better loan portfolio mix and control in funding cost, as well as the benefit of rising market rates.

During 2016 **Loan Loss Provisions** totaled $13,313 million, representing a YoY increase of +25%, mainly as a result of higher requirements in payroll, credit card and corporate loans, which could not be offset by lower requirements in the commercial portfolio. The increase of +25% is not related to deterioration in credit quality (past due loans declined by 13% YoY), but relates to loan loss reserve reversals in March 2015, May 2015 and December 2015 that offset the requirements for those months, respectively. Eliminating these reversals, provisions requirements for 2016 would have been only +11% higher.

Provisions represented 25.1% of Net Interest Income in 2016, up +2.1 bps, as compared to the same period of the previous year. Likewise, Provisions for 2016 accounted for 2.5% of the average loan portfolio, increasing +27 bps YoY.

During 2016, Non-interest income totaled $16,465 million, increasing by +5% or $854 million as compared to 2015, driven mainly by service fees.

- **Non-Interest Income**

	2016	2015 1)	2014
Service Fees	$10,628	$9,719	$8,553
Trading	2,346	2,954	4,420
Other Operating Income (Expenses)	3,491	2,937	3,260
Non-Interest Income	**$16,465**	**$15,611**	**$16,233**

Million pesos.

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

Service Fees in 2016 increased by +9% annually, to $10,628 million; mainly as a result of the +16% growth in core banking services (account management, funds transfers and electronic banking services) and a +19% growth in fees related to the consumer portfolio.

Service Fees

	2016	2015 1)	2014
For Commercial and Mortgage Loans *	$796	$458	$9
Fund Transfers	1,303	857	637
Account Management Fees	2,075	1,982	1,499
Fiduciary	347	388	362
Income from Real Estate Portfolios	113	169	187
Electronic Banking Services	5,808	5,070	4,486
For Consumer and Credit Card Loans	3,658	3,077	2,792
Other Fees Charged 2) *	2,583	2,566	2,847
Fees Charged on Services	**$16,683**	**$14,566**	**$12,820**
Fees Paid on Services	**$6,056**	**$4,847**	**$4,267**
Service Fees	**$10,628**	**$9,719**	**$8,553**

Million Pesos

1. Ree For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.
2. Includes fees from letters of credit, transactions with pension funds, warehousing services, financial advisory services and securities trading among others.

* Reclassified figures to Other Fees Charged from Fees for Commercial and Mortgage Loans for 2015.

During 2016 the Brokerage revenues totaled $2,346 million, down by (21%) YoY; as a result of a reduction of ($955) million in trading revenue which was not offset with the +27% growth in foreign exchange transactions with clients.

Brokerage

	2016	2015 1)	2014
Foreign Exchange	$1,594	$1,251	$1,085
Securities-Realized Gains	497	1,451	2,322
Securities-Unrealized Gains 1)	255	252	1,013
Trading Income	**$2,346**	**$2,954**	**$4,420**

Million pesos

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

In 2016, **Other Operating Income and Expenses** increased by +19% YoY, to $3,491 million as a result of: (i) an increase of +$267 million in income from Loan Recoveries related to better results on loan collection; (ii) an increase of + $252 million in Other Income from the Insurance and Annuities companies; (iii) +32% in Other Products, mainly due to an increase in revenues from sales in Almacenadora Banorte, higher cancellations of creditors and provisions in Banorte and an increase in revenues from sales of foreclosed assets; and (iv) a reduction of ($138) million in reduction in Other Operating (expenses) on lower valuation charges.

Other Operating Income (Expense)

	2016	2015 1)	2014
Loan Recoveries	$1,550	$1,282	$956
Income from Foreclosed Assets	98	165	(130)
Other Operating Income	393	360	424
Other Operating Expense	(304)	(442)	(229)
Subtotal Recoveries and Others	**$1,737**	**$1,366**	**$1,022**
Other Products	5,260	3,971	3,421
Other Acquired Recoveries	552	587	1,217
Other (Expenses)	(5,076)	(3,752)	(3,060)
Non-Operating Income (Expenses), Net	**$737**	**$806**	**$1,578**
Other from Insurance and Annuities	**$1,017**	**$765**	**$660**
Other Operating Income (Expense)	**$3,491**	**$2,937**	**$3,260**

Million pesos

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

Non-Interest Expenses in 2016 amounted to $31,243 million, up +6% YoY, mainly as a result of the increase in Personnel Expenses of +$879 million, mostly related to provisions for pension funds and bonus payments; Rent, Depreciation and Amortization of +$617 million, largely due to amortization in technology projects and software rental; Administration and Promotional Expenses of +$283 million derived from an increase in (i) transaction volume in payments, (ii) promotional campaigns of products and services, and (iii) charges for systems maintenance; and Contributions to IPAB +$224 million, in line with the growth of deposits.

The Efficiency Ratio for 2016 stood at 44.9%, down by (2.6 bps) compared to the same period of the previous year, as a result of positive operating leverage, managing to continue with the trend of historically low Efficiency levels.

- **Non-Interest Expense**

	2016	2015 1)	2014
Personnel	$12,876	$11,997	$12,986
Professional Fees	2,208	2,359	3,000
Administrative and Promotional	7,366	7,083	5,679
Rents, Depreciation & Amortization	4,689	4,072	3,648
Taxes other than income tax & non-deductible expenses	1,390	1,610	1,653
Contributions to IPAB	2,325	2,101	1,887
Employee Profit Sharing (PTU)	389	374	379
Non-Interest Expense	**$31,243**	**$29,594**	**$29,232**

Million pesos

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

During 2016, the recurring revenues (net interest income + net fees excluding portfolio recoveries - operating expenses – provisions) was $19,015 million, up by +20% YoY, mainly driven by a +14% growth in Net Interest Income.

Moreover, in 2016 the Subsidiaries' Net Income increased +4% YoY; following the trend of the Afore, which reported earnings for $1,248 million.

In 2016, Taxes amounted to $6,878 million, up by +15% compared to the same period of the previous year, while the effective tax rate of 26.2% was slightly higher than the 25.9% reported in 2015.

GF Banorte's Net Income for 2016 was Ps. $19,308 million pesos, up by + 13% YoY, as a result of the positive trend in net interest income and non-interest income.

Performing Loan Portfolio

	2016	2015	2014
Commercial*	$125,377	$109,583	$115,068
Consumer*	203,047	173,948	157,111
Corporate	103,491	88,108	80,464
Government	134,798	130,119	118,963
Subtotal	**$566,713**	**$501,758**	**$471,606**
Recovery Bank	91	129	162
Total	**$566,805**	**$501,887**	**$471,768**
Past due loans	10,312	11,860	14,294
% NPL Ratio	**1.8%**	**2.3%**	**2.9%**

Million pesos.

Performing Consumer Loan Portfolio	2016	2015	2014
Mortgage	$114,718	$98,345	$89,758
Car Loans	15,047	12,400	11,074
Credit Cards*	28,445	24,854	22,181
Payroll	44,838	38,350	34,098
Consumer Loans	**$203,047**	**$173,949**	**$157,111**

Million pesos.

1. For comparison purposes 2015 results were adjusted to reflect the INB deconsolidation in 2016. Therefore, they will differ from those published in the Annual Report submitted to the authority in April 2015.

* As of 1Q16, "Tarjeta Empuje Negocios" was reclassified to the SME segment from the Credit Card segment with a performing balance of Ps 995 million. For comparison purposes, 2015's ans 2014's balances were reclassified similarly, Tarjeta Empuje Negocios balance in 2015 amounted to Ps 983 million and in 2014 to Ps 1.03 billion in performing loans.

3.2 Information relating to GF Interacciones

3.2.1. Name of Issuer

Grupo Financiero Interacciones, S.A.B. de C.V.

3.2.2. Business description

Based on the available information published by GF Interacciones, GF Interacciones is a Mexican financial group, with a business model focused on financing services for basic infrastructure projects, productive projects, risk management and financial advisory mainly to the Mexican public sector, which includes the federal, state and municipal governments, as well as state productive companies, such as PEMEX and CFE and suppliers providing service to government entities.

In 2013, GF Interacciones made a public offer of shares for $3,660 million, the proceeds of which have been used to enhance the growth strategy of GF Interacciones, developing the business lines of Banco Interacciones such as infrastructure and leasing. This issuance allowed raising the float from 7% to 30%.

As of September 30, 2017, Banco Interacciones, the banking subsidiary of GF Interacciones, is the largest bank in Mexico specializing in financing to governments and infrastructure projects, and the third largest bank controlled by Mexican shareholders. As of August 31, 2017, Banco Interacciones is the eighth largest bank in the Mexican financial system in terms of total assets, and has the lowest Delinquency Rate of the system, at only 0.05% and a Coverage Rate of 2,625%, the highest of the system. Also, Banco Interacciones is one of the most profitable banks in terms of ROAE, having reported profits for the last 58 consecutive quarters and a ROAE of 19.3% in the nine-month period ended September 30, 2017, compared to a ROAE average of the seven largest banks in Mexico of 13.2% in the same period. The activities of Banco Interacciones are complemented by its subsidiaries Casa de Bolsa Interacciones and Aseguradora Interacciones.

GF Interacciones' client portfolio includes state and municipal entities (governed by the principal political parties) that it serves through a nationwide structure, which allows GF Interacciones to be close to its clients and be more efficient. Unlike other financial institutions the focus of which is on full service banking, GF Interacciones does not require a branch network. It provides its services through six business centers: West (Guadalajara), Metro-Center (Mexico City), Gulf-East (Puebla), Southeast (Cancun), Northeast (Monterrey) and Northwest (Hermosillo) and 20 local and state offices located in 17 states. This structure allows GF Interacciones to maintain low operating costs and maximize profits, without compromising the quality of service to its clients.

The nature of GF Interacciones clients and the high level of specialization when structuring their loans, allow GF Interacciones to have a portfolio with a low level of risk. GF Interacciones experience in the provision of financial and advisory services to the Mexican public sector has allowed it to structure payment mechanisms that ensure that federal or state government resources are the primary source of payment for the majority of its loan portfolio. Approximately 91% of GF Interacciones' portfolio as of September 30, 2017 (as of June 30, 2017 this percentage was 93.5%) has, directly or indirectly, federal or state funds as a source of payment. As a result of GF Interacciones specialized approach and the payment mechanisms mentioned above and the manner in which it originates, structures and monitors the loan portfolio, GF Interacciones Delinquency Rate is the lowest in the Mexican banking system. Its Delinquency Rate was 0.05% as of September 30, 2017 and 0.1% on average for the last three years, as compared to 2.15% of the average of the seven largest banks in the Mexican banking system and 2.12% of the overall system according to the CNBV.

As of September 30, 2017, GF Interacciones had $208,875 million in total assets and $16,268 million in shareholders' equity and for the nine months ended September 30, 2017, GF Interacciones reported net income of $2,273 million. From 2013 to September 30, 2017, GF Interacciones' net income and operating income grew at a compounded average growth rate ("CAGR") of 17.4% and 14.4%[4], respectively. In the same period, Banco Interacciones' loan portfolio grew at a CAGR of 16.1% as compared to the 11% growth in the total loan portfolio of the seven largest financial groups in Mexico. Banco Interacciones has maintained a capitalization index above the minimum regulatory levels, as shown in the statistical bulletins published by the CNBV since 2000. As of September 30, 2017, said capitalization index was 17.56%, while the minimum capitalization index required is 10.5%.

The main GF Interacciones sources of funding are traditional deposits of its institutional clients, loans with development banks and fund raising through offerings in the debt market, among other sources. GF Interacciones takes institutional deposits and diversifies its client portfolio to depend less on interbank debt. Additionally, deposits, representing 69% of all funding sources, have increased in recent years, driven by growth in demand deposits, which increased 41% annually and 126% in the last three years, which has allowed reaching a minimum historical level in the cost of funding.

Since the financial planning process was restructured in 2012, ambitious placement and revenue goals have been established, in addition to strict cost control; this is reflected in the decrease of the efficiency ratio of 22.33 percentage points, positioning GF Interacciones as the second best financial group with expenses of 39% at the end of 2016. At the close of the third quarter of 2017, GF Interacciones approaches this position, given the seasonality of the income in its business model.

GF Interacciones is a financial group organized under the laws of Mexico as a holding company.

Its main shareholders are Carlos Hank Rhon, Banco Interacciones Fideicomiso 10353 (whose beneficiary is Mr. Carlos Hank Gonzalez) and Graciela Hank González, which jointly hold 68.1% of the shares of GF Interacciones. The principal shareholders of GF Interacciones hold their shares together, which keep them fully committed to the performance of GF Interacciones. GF Interacciones main assets are the common shares of its main subsidiaries, Banco Interacciones, Interacciones Casa de Bolsa and Aseguradora Interacciones.

The following is a description of each of its main subsidiaries (the information considered as the basis for calculating the stake of each of the subsidiaries corresponds to the net amount of each of them, including their respective write offs from the consolidation of GF Interacciones and the subsidiaries).

Banco Interacciones

Banco Interacciones is the main subsidiary of GF Interacciones and specializes in the financing of basic infrastructure projects through the making of loans to states, municipalities and companies related to the public sector; in the provision of deposit and financial advisory services to all Mexican, federal, state and municipal, government entities, as well as state productive companies such as PEMEX and CFE.

The businesses of Banco Interacciones are served through four business units: government banking, infrastructure banking, SME banking and the most recent leasing bank, officially launched in 2016.

GF Interacciones has a Market Intelligence Unit that constantly monitors the financing and infrastructure needs of the states and municipalities and also knows the federal funding alternatives that can be used to solve those needs.

GF Interacciones has a team specialized in structuring solutions to execute the infrastructure projects or to finance productive activities. They review technical, financial, legal and social aspects to propose comprehensive solutions to states and municipalities.

GF Interacciones has a technical analysis and monitoring unit that monitors and ensures the progress of projects and the correct use of resources.

GF Interacciones has risk analysis areas specialized in infrastructure projects and structuring to ensure federal resources and avoid commercial risk in projects.

The integration of these teams is what gives GF Interacciones a significant advantage in the segment of sub-national infrastructure projects with low-risk financing sources.

Since 2000, Banco Interacciones continues to increase its presence in Mexico, gaining market share in the three aforementioned segments at the federal, state and municipal levels.

During the last five years, Banco Interacciones has grown above most of its competitors, increasing its market share in government loans from 15.1% as of December 31, 2012 to 19.9% as of September 30, 2017. Since 2016, it has given a greater focus on infrastructure banking due to the greater demand for projects with Public Private Partnerships structures, which are the financing and advisory specialty of this bank. As of September 30, 2017, Banco Interacciones had a total of $60,945 million in government loans and $34,517 million in infrastructure loans, representing 58% and 33% respectively, of $105,964 million of total loan portfolio.

As of September 30, 2017, Banco Interacciones represented 88% of the assets of GF Interacciones and 90% of the shareholders' equity of GF Interacciones, and, in the period between January 1, 2017 and September 30, 2017, reported a net income of $2,040 million representing 89.7% of the consolidated net income of GF Interacciones.

Interacciones Casa de Bolsa

It is the subsidiary of GF Interacciones incorporated as a broker-dealer that provides comprehensive financial services, including the brokerage of equity and debt securities, financial advisory services, portfolio structuring and asset management, both for individuals and entities. Interacciones Casa de Bolsa operates a state-of-the-art technological platform that combines best practices with comprehensive systems and maximum speed in the operation of stock exchange transactions.

The Broker-Dealer has executed its strategy efficiently, managing to increase its brokerage revenues. This excellent performance has been obtained thanks to the greater operability with domestic and foreign institutional clients, as well as the correct execution of proprietary positions, through the exchange desk, capital and especially debt. As of September 30, 2017, this subsidiary accumulates $252 million in net income, growing 108% as compared to the nine months of the previous year.

The Broker-Dealer has positioned itself in the market as an institution with the best indicators in terms of profitability and efficiency. In the nine-month period ended September 30, 2017 it obtained a ROAE of 29.84% and an efficiency index of 58.9%.

Through Interacciones Sociedad Operadora de Fondos de Inversión, GF Interacciones offers 29 investment funds to its wealth management clients through its integrated approach to financial services. As of September 30, 2017, these funds managed $23,652 million.

Since July 2011, Interacciones Casa de Bolsa has the ability to process 300,000 transactions on average per day, which translates into 200 transactions per second, compared to the average of 70 transaction per second of the industry in Mexico according to the BMV and as of September 30, 2017 it maintained an operation of 2.8% of all the monthly transactions in the BMV.

As of September 30, 2017, Interacciones Casa de Bolsa accounted for 11% of GF Interacciones total assets and 7% of GF Interacciones shareholders' equity and, in the period between January 1, 2017 and September 30, 2017, it accounted for 11% of GF Interacciones net income.

Aseguradora Interacciones

Aseguradora Interacciones is a multi-industry company focused on providing solutions for GF Interacciones infrastructure projects risk management and risk management. Its products are offered through the promotional work forces of GF Interacciones. Banco Interacciones business model is complemented with the different products offered by Aseguradora Interacciones to serve the government and infrastructure projects.

As of September 30, 2017, Aseguradora Interacciones accounted for 1% of GF Interacciones total assets and 3% of its shareholders' equity and, in the period between January 1, 2017 and September 30, 2017, accounted for 0.1% of its net income.

For more information regarding GF Interacciones business see section 2 of GF Interacciones Annual Report available at: www.grupofinancierointeracciones.mx and www.bmv.com.mx.

3.2.3. Description of the evolution of the issuer (emphasis on last year events)

GF Interacciones most relevant historical events

GF Interacciones was incorporated pursuant to public deed number 149,465 dated October 28, 1992, granted before Mr. José Antonio Manzanero Escutia, Notary Public number 138 of Mexico City, the first official copy of which was recorded in the Public Registry of Commerce of City of Mexico under commercial file number 166786, with indefinite duration and corporate domicile in Mexico City.

In 1982, a group of Mexican investors led by Carlos Hank Rhon, the current Chairman of the Board of Directors, acquired Corporación Mexicana de Valores, S.A. de C.V., (changing its name to Interacciones Casa de Bolsa, S.A. de C.V. in 1987). This organization was consolidated in October 1992, after the consummation of the privatization process of commercial banks, led by the Mexican government in order to increase the competitiveness of the Mexican financial services market. This group of investors decided to create Group Financiero Interacciones, S.A.B. de C.V., made up of several financial institutions, including Interacciones Casa de Bolsa, Interacciones Casa de Cambio, S.A. de C.V., (incorporated in 1988 and liquidated in 1995) and two financial leasing and factoring companies. Its shares were listed in the BMV in an initial public offering in Mexico.

Interacciones structure was complemented in January 1993 with the incorporation of the ninth largest company in the insurance market, Seguros La República, S.A. (currently Aseguradora Interacciones).

On September 7, 1993, the SHCP issued official communication number 102-E-367-DGBM-III-A-3235, authorizing Grupo Financiero Interacciones, S.A.B. de C.V. to create a full service bank. Public deed dated October 7, 1993 evidenced the incorporation of Banco Interacciones, with a paid in capital of $120 million. On November 12, 1993, the general extraordinary shareholders' meeting of Banco Interacciones approved a capital increase of $240 million. Banco Interacciones began operations on November 22 of the same year. Also in 1995 the leasing and factoring companies were merged with Banco Interacciones, having previously liquidated the currency exchange company.

On October 31, 1996, Arrendadora Interacciones, S.A. de C.V., Organización Auxiliar de Crédito, Grupo Financiero Interacciones, and Factoraje Interacciones, S.A. de C.V., Organización Auxiliar de Crédito, Grupo Financiero Interacciones, as merged companies, and Interacciones, as surviving company, completed a merger.

On September 30, 1999, the general extraordinary shareholders' meeting of GF Interacciones approved a capital increase to $423 million. On June 30, 2003, the general extraordinary shareholders' meeting of Interacciones approved a capital increase to $633 million.

In December 2001, Interacciones Sociedad Operadora de Fondos de Inversión, S.A. de C.V., became a subsidiary of Banco Interacciones, S.A, which is in turn a member company of Grupo Financiero Interacciones, an investment fund manager with an ISO 9001:2000 certification in the "Operating Control of Investments and Portfolio Management" processes, which allowed improving substantially the level of security of the operation and administration of the portfolios of our investment funds, keeping ourselves within the domestic and international marketing standards and with consistency in the returns thereof.

On October 16, 2013, GF Interacciones conducted a mixed public offering of shares, consisting of ***(i)*** a primary public offer of 30,000,000 registered, Series "O", common shares (plus 3,616,988 shares subject to an over-allotment option), with a par value of $2.82065123 per share, and ***(ii)*** a secondary public offering of 30,000,000 registered, Series "O", common shares, with a par value of $2.82065123 per share.

At the meeting held on October 9, 2013, among other things, the shareholders approved the reclassification of all of their Series "O", Class "II", common shares, to Series "O", Class "I", common shares, having, as a result, a single Class of Series "O" shares, after completion of the relevant offering.

Material events of 2016

On March 23, 2016, the shareholders of Banco Interacciones, in a General Extraordinary Meeting, agreed to acquire and merge this banking institution with Marina Capital, S.A. Marina Capital was a Mexican company that operated as an investment fund in international markets and did not provide any service to the public. The assets and shareholders' equity of this company had a value of $2,152 million and $23 million, respectively, at the end of December 2015.

On September 5, 2016, Banco Interacciones, in official communication No. 312-3/113941/2016, obtained authorization for the purchase of the shares of Inmobiliaria Interdiseño, S.A. de C.V. This company was incorporated on January 27, 1989, having as main activity the administration and ownership of real estate, planning, building, repair and partial or total construction of properties that are occupied by its majority shareholder, or by companies in which it is a shareholder, to establish its offices. While Inmobiliaria Interorbe and Inmobiliaria Mobinter are engaged in the leasing of real estate and furniture and equipment to the entities of GF Interacciones, in 2016 they only had parking spaces.

With the approval of the Board of Directors, on February 26, 2016, it was resolved to purchase Inmobiliaria Interin, S.A. de C.V. On September 5, 2016, Interacciones Casa de Bolsa, in official communication number 312-3/113990/2016 of the CNBV, obtained authorization for the purchase of the shares of this entity. In November 2016, the transaction was executed for an amount of $2 million, represented by 909,938 (nine hundred nine thousand nine hundred thirty eight) shares of the variable portion of the capital stock, with a shareholding of 99.89%. Inmobiliaria Interin, S.A. de C.V., was incorporated on January 26, 1989, having as main activity the administration and ownership of real estate, and planning, building, repair and partial or total construction of properties that are occupied by its majority shareholder or by companies in which it is a shareholder, to establish its offices.

2017 Material Events

Below are the main material events published by GF Interacciones during the fiscal year 2017:

January 25, 2017 - 2016 fourth quarter earnings release (Errata)
GF Interacciones presents the results of the 2016 fourth quarter (Spanish and English). It is accompanied by an executive presentation (Spanish and English).

"Errata"

The quarterly variation of Aseguradora Interacciones had been presented in absolute values, with the correct arithmetic variation -512.50%.

April 26, 2017 – 2017 first quarter earnings release
GF Interacciones presents the results of the 2017 first quarter (Spanish and English). It is accompanied by an executive presentation (Spanish and English).

May 4, 2017 - 2016 fourth quarter earnings release (Audited)
Grupo Financiero Interacciones presents the results of the 2016 fourth quarter (Audited) (Spanish and English). It is accompanied by an executive presentation (Spanish and English).

May 4, 2017 – 2016 4Q Management Report (Audited)
Grupo Financiero Interacciones presents the Management Report for the 2016 fourth quarter, audited.

"Errata"

The table of main financial indicators is consisted with audited information.

June 29, 2017 – Publication of simplified financial statements of May 2017 and 2016.

The simplified financial statements have been prepared by GF Interacciones and/or its subsidiaries with figures at the close of the May 2017 and 2016; figures are presented as support material to facilitate the analysis and understanding of the financial information of Interacciones and do not substitute the financial statements that are prepared in accordance with the regulatory provisions in force.

June 26, 2017 – 2017 second quarter earnings release
GF Interacciones presents the results of the 2017 second quarter (Spanish and English). It is accompanied by an executive presentation (Spanish and English).

3.2.4. Capital structure

As of the date of this Disclosure Memorandum, and based on the available information published by GF Interacciones, the fixed capital without withdrawal rights of GF Interacciones amounts to $762 million, and is represented by 269,932,817 common, registered shares, with par value of Ps. $2.82065123 pesos per Class I, Series "O" share.

3.2.5. The existence of significant changes in the financial statements since the most recent annual report.

Please refer to the public information available disclosed by GF Interacciones, which is available on the Mexican Stock Exchange website at: www.bmv.com.mx.

4. RISK FACTORS

GF Banorte has identified the following risk factors related to the Transaction and the Merger that could significantly affect GF Banorte performance and its profitability and influence on the price of the shares representing the capital stock of GF Banorte. Additionally, you must consider the risk factors regarding GF Banorte and the industry reflected in GF Banorte annual report available at www.banorte.com and www.bmv.com.mx.

The risks and uncertainties described below are not the only ones that can affect GF Banorte performance and its profitability and influence on the price of the shares representing the capital stock of GF Banorte. There are other risks and uncertainties that are unknown or not currently considered significant and that could have an adverse effect on GF Banorte or the price of shares representing its capital stock.

GF Banorte's growth strategy depends in part on its ability to acquire other financial institutions and may not be successful in integrating the operations of these institutions.

GF Banorte growth capacity through new acquisitions depends on, and may be limited by, the availability of suitable candidates for acquisition, the ability to negotiate acceptable acquisition terms, and the evaluation of the characteristics of the businesses to be acquired, such as:

- financial condition and results of operation;
- attractive products and services;
- adequate distribution channels;
- management capacity; and

- the degree to which the acquired operations can be integrated into the operations and systems of GF Banorte.

Also, the completion of these acquisitions is subject to a series of risks, which include:

- access to capital and financial resources;
- restrictions on debt instruments;
- uncertainty of the legal conditions related to mergers and acquisitions; and
- the ability to successfully integrate the operations of the acquired entities with those of GF Banorte.

Growth through acquisitions involves risks that could have a material and adverse effect on our results of operations, including:

- difficulties in the integration of operations;
- undisclosed liabilities and other hidden problems related to the quality of the assets that could significantly affect capital requirements or applicable reserves;
- that the acquired companies do not achieve the expected results;
- unqualified personnel of the acquired companies;
- deviation of management attention to the operation of existing businesses;
- possible inability to achieve the expected synergies and/or economies of scale; and
- the possible loss of personnel and key clients in the acquired companies.

GF Banorte can give no assurance that it will be able to identify suitable candidates for acquisition, complete the acquisitions in satisfactory terms or integrate the acquired businesses in a satisfactory manner.

GF Banorte acquired Bancentro in 1996, Banpaís in 1997, Bancrecer in December 2001, INB (sold on March 31, 2017) and Uniteller in 2006 and Motran in 2007 (the latter merged with Uniteller in 2014). In 2009 it acquired Ixe Afore, Afore Ahorra Ahora and Afore Argos. On the other hand, in 2011 it expanded significantly with the merger with Ixe GF. In 2012 it merged Afore Banorte with Afore XXI and in January 2013 GF Banorte acquired Afore Bancomer, thus creating the largest retirement fund management company in Mexico. In October 2013, the shareholding held by Generali in the Seguros Banorte Generali and Pensiones Banorte Generali businesses was acquired. The integration of the operations of these merged entities has presented difficulties and problems that affect performance as they divert attention from the administration and human resources.

On October 25, 2017, GF Banorte announced that it had reached an agreement to merge with GF Interacciones, as merged company, through the payment of a cash dividend by GF Interacciones and an exchange of shares. The merger, which is expected to take place during the second quarter of 2018, is subject to corporate and regulatory approvals, and to the satisfactory completion of due diligence.

It cannot be assured that the merger will be carried out as contemplated or at all. If the merger with GF Interacciones is successful, the integration of the two companies could result in payments for labor layoffs, sales of assets or contingent liabilities or additional write offs. GF Banorte cannot predict if these events will occur or, if they do occur, if they would have a material adverse impact on its results of operation or business. In addition, the merger with GF Interacciones, as well as any other merger, acquisition or other business combination in which it participates, may include risks, such as those mentioned above.

Downgrading the credit rating of GF Banorte or any of its subsidiaries would increase the cost of obtaining loans and complicate the ability to obtain new funds, take deposits or renew debt at maturity.

Credit ratings are an important component of the liquidity profile of GF Banorte. Its customers, creditors and counterparties in derivative financial transactions (and those of our subsidiaries) are sensitive to the risk of a downgrade of GF Banorte's rating. Changes in the credit ratings of GF Banorte or those of any of its subsidiaries would increase the cost of obtaining funds in the debt markets and could even restrict their involvement in certain activities. In addition, it could make the refinancing of debt near maturity more costly and complicated.

The ability of Banorte, the banking subsidiary of GF Banorte, to successfully compete in the market to obtain funding depends on several factors, including its financial stability that is reflected in its credit ratings. A downgrade in Banorte's credit ratings derived from the merger could negatively affect the perception of the financial stability of GF Banorte or any of its subsidiaries, which could significantly affect the business, financial condition and results of operations.

The market price of GF Banorte's shares could fluctuate significantly as a result of the Merger and investors could lose all or part of their investment.

The market price and liquidity of our common shares could be materially affected by the Merger, as a result of changes in financial recommendations of the fundamental analysts that give us coverage, decisions of authorities and shareholders' meetings.

GF Banorte is not subject to the control of a majority shareholders group.

There is no principal shareholder in the capital stock of GF Banorte. Consequently, there is no majority shareholder or group of shareholders in control and this could delay the ability to make strategic decisions in cases where no agreement is reached by a majority of the shareholders at a General Shareholders' Meeting.

Specifically, the Financial Group's bylaws provide that certain decisions, including the execution of transactions representing 20% or more of our consolidated assets, certain transactions with related parties (Material Acquisition of Assets) that involve the acquisition of assets by GF Banorte or the companies it controls, directly or indirectly, in a period of one fiscal year, the amount of which represents, based on figures corresponding to the close of the immediately preceding quarter, an amount equal to or greater than 5% of GF Banorte's consolidated assets, the appointment or removal of Directors and the increase or decrease of our capital, must be approved by a majority of the shareholders at a General Shareholders' Meeting.

The inability of the shareholders to reach an agreement with respect to the Merger could result in an adverse effect on the financial condition and results of operation of GF Banorte.

The Balance Sheet on the Date on which the Merger with GF Interacciones takes effect may differ from the Proforma Balance Sheet

GF Banorte pro forma financial information that is included in this Disclosure Memorandum, to show its balance sheet after the Merger becomes effective, is subject to variations that derive from the results of its operations, as well as to the effects of other factors that are beyond the control of GF Banorte management and the merged companies.

The current shareholding of GF Banorte's shareholders in the company's capital stock will be diluted as a result of the merger

The current shareholding of GF Banorte's shareholders in the company's capital stock will be diluted proportionally as a result of the merger.

GF Interacciones will require approval from the CNBV to make a dividend payment or reimbursement of capital to its shareholders, to pay a portion of the Consideration

The Transaction contemplates the payment of a portion of the Consideration with a cash dividend and/or reimbursement of capital stock by GF Interacciones to its shareholders, immediately before the Merger of GF Interacciones into GF Banorte takes effect. Said dividend payment or reimbursement of capital stock by GF Interacciones must be authorized by the CNBV. If the CNBV does not authorize such payment, GF Banorte and GF Interacciones could be unable to complete the Transaction in the agreed terms.

GF Banorte will require the approval from the COFECE to execute the Transaction, under the Antitrust Law

Given the amount of the Transaction, GF Banorte will require the approval from the COFECE for the Merger. If the approval from the COFECE includes conditions the satisfaction of which involves an amount equal to or greater than 10% (ten percent) of the Aggregate Amount of the Transaction, the Master Merger Agreement may be terminated, and the Transactions may be rendered null.

5. SELECTED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the other information contained in this Disclosure Memorandum, including section 6 – "*Issuer's Management Analysis and Discussions of Financial Condition and Operating Results*". The Pro Forma Financial Statements of the merged financial group as of December 31, 2016 and September 30, 2017 are presented below. The information is based on the consolidated financial statements of GF Banorte and GF Interacciones before the Merger and the financial group after the merger, according to the financial information and consolidation of accounts, presented by the external auditors in said pro forma financial statements which are an integral part of this disclosure memorandum.

The consolidated financial statements of GF Banorte for the years ended December 31, 2014, 2015 and 2016 were reviewed and audited by Galaz, Yamazaki, Ruiz Urquiza, S.C., member of Deloitte Touche Tohmatsu Limited.

In the other hand, the consolidated financial statements of GF Interacciones for the years ended December 31, 2014, 2015 and 2016 were reviewed and audited by Mancera, S.C., member of Ernst & Young Global Limited.

Following is the pro forma income statement and balance sheet of GF Banorte as of December 31, 2016 and for the nine-month period ended September 30, 2017.

Grupo Financiero Banorte, S.A.B. de C.V.
Pro forma Combined Income Statement (Unaudited)
For the period ended September 30, 2017
(*In Millions of Mexican pesos*)

	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Proforma Amounts
Interest income	$13,100	$-	$13,100	$80,929	$-	$80,929	$94,029
Premium revenue, net	40	-	40	19,447	-	19,447	19,487
Interest expense	(11,649)	-	(11,649)	(32,909)	-	(32,909)	(44,558)
Increase in technical reserves	(9)	-	(9)	(9,680)	-	(9,680)	(9,689)
Casualty rate, claims and other contractual obligations, net	(20)	-	(20)	(11,060)	-	(11,060)	(11,080)
NET INTEREST INCOME	1,462	-	1,462	46,727	-	46,727	48,189
Provisions for loan losses	-	-	-	(11,253)	-	(11,253)	(11,253)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	1,462	-	1,462	35,474	-	35,474	36,936
Commission and fee income	2,632	-	2,632	14,290	-	14,290	16,922
Commission and fee expense	(641)	-	(641)	(5,650)	-	(5,650)	(6,291)
Brokerage revenues	1,963	-	1,963	2,326	-	2,326	4,289
Other operating income (expenses)	(299)	-	(299)	2,092	-	2,092	1,793
Non-interest expense	(2,430)	-	(2,430)	(25,262)	-	(25,262)	(27,692)
OPERATING INCOME	2,687	-	2,687	23,270	-	23,270	25,957
Equity in earnings of unconsolidated subsidiaries and associated companies	2	-	2	889	-	889	891
INCOME BEFORE INCOME TAX	2,689	-	2,689	24,159	-	24,159	26,848
Current income tax	(616)	(1,006)	(1,622)	(6,269)	-	(6,269)	(7,981)
Deferred income taxes, net	200	1,006	1,206	(303)	-	(303)	(903)
	(416)	-	(416)	(6,572)	-	(6,572)	(6,988)
INCOME BEFORE DISCONTINUED OPERATIONS	2,273	-	2,273	17,587	-	17,587	19,860
Discontinued Operations	-	-	-	87	-	87	87
Minority Interest	-	-	-	(248)	-	(248)	(248)
NET INCOME	**$2,273**	**$-**	**$2,273**	**$17,426**	**$-**	**$17,426**	**$19,699**

Grupo Financiero Banorte, S.A.B. de C.V.
Proforma Combined Income Statement (Unaudited)
For the period ended of December 31, 2016
(*In Millions of Mexican pesos*)

	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Proforma Amounts
Interest income	$12,309	$-	$12,309	$80,264	$-	$80,264	$92,573
Premium revenue, net	$183	-	$183	$21,307	-	$21,307	$21,490
Interest expense	(9,118)	-	(9,118)	(27,383)	-	(27,383)	(36,501)
Increase in technical reserves	90	-	90	(8,477)	-	(8,477)	(8,387)
Casualty rate, claims and other contractual obligations, net	(120)	-	(120)	(12,654)	-	(12,654)	(12,774)
NET INTEREST INCOME	**3,344**	**-**	**3,344**	**53,057**	**-**	**53,057**	**56,401**
Provisions for loan losses	(1,125)	-	(1,125)	(13,313)	-	(13,313)	(14,438)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**2,219**	**-**	**2,219**	**39,744**	**-**	**39,744**	**41,963**
Commission and fee income	4,662	-	4,662	16,683	-	16,683	21,345
Commission and fee expense	(1,452)	-	(1,452)	(6,056)	-	(6,056)	(7,508)
Brokerage revenues	(7)	-	(7)	2,346	-	2,346	2,339
Other operating income (expenses)	745	-	745	3,491	-	3,491	4,236
Non-interest expense	(2,868)	-	(2,868)	(31,243)	-	(31,243)	(34,111)
OPERATING INCOME	**3,299**	**-**	**3,299**	**24,965**	**-**	**24,965**	**28,264**
Equity in earnings of unconsolidated subsidiaries and associated companies	5	-	5	1,246	-	1,246	1,251
INCOME BEFORE INCOME TAX	3,304	-	3,304	26,211	-	26,211	29,515
Current income tax	(661)	(1,006)	(1,667)	(7,056)	-	(7,056)	(8,723)
Deferred income taxes, net	(47)	1,006	959	178	-	178	1,137
	(708)	-	(708)	(6,878)	-	(6,878)	(7,586)
INCOME BEFORE DISCONTINUED OPERATIONS	2,596	-	2,596	19,333	-	19,333	21,929
Discontinued Operations	-	-	-	243	-	243	243
Minority Interest	-	-	-	(268)	-	(268)	(268)
NET INCOME	**$2,596**	**$-**	**$2,596**	**$19,308**	**$-**	**$19,308**	**$21,904**

Grupo Financiero Banorte, S.A.B. de C.V.
Pro forma consolidated Balance Sheets
As of September 30, 2017 (Unaudited)
(*In Millions of Mexican pesos*)

ASSETS	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
CASH AND CASH EQUIVALENTS	$7,527	$(7,527)	$-	$59,809	$-	$59,809	$59,809	$-	$59,809
MARGIN SECURITIES	-	-	-	1,628	-	1,628	1,628	-	1,628
INVESTMENTS IN SECURITIES									
Trading securities	68,070	-	68,070	242,347	-	242,347	310,417	-	310,417
Securities available for sale	17,597	(6,186)	11,411	153,555	-	153,555	164,966	-	164,966
Securities held to maturity	2,129	-	2,129	91,188	-	91,188	93,317	-	93,317
	87,796	**(6,186)**	**81,610**	**487,090**	**-**	**487,090**	**568,700**	**-**	**568,700**
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	-	-	-	231	-	231	231	-	231
DERIVATIVE FINANCIAL INSTRUMENTS									
For trading purposes	627	-	627	18,983	-	18,983	19,610	-	19,610
For hedging purposes	-	-	-	94	-	94	94	-	94
	627	**-**	**627**	**19,077**	**-**	**19,077**	**19,704**	**-**	**19,704**
VALUATION ADJUSTMENTS FOR ASSET HEDGING	-	-	-	102	-	102	102	-	102
PERFORMING LOAN PORTFOLIO									
Commercial loans									
Business loans	27,060	-	27,060	231,954	-	231,954	259,014	-	259,014
Financial institution's loans	760	-	760	4,882	-	4,882	5,642	-	5,642
Government loans	77,934	-	77,934	131,460	-	131,460	209,394	-	209,394
Consumer loans	19	-	19	103,222	-	103,222	103,241	-	103,241
Mortgage loans	136	-	136	130,084	-	130,084	130,220	-	130,220
TOTAL PERFORMING LOAN PORTFOLIO	**105,909**	**-**	**105,909**	**601,602**	**-**	**601,602**	**707,511**	**-**	**707,511**
PAST-DUE LOAN PORTFOLIO									
Commercial loans									
Business loans	50	-	50	5,731	-	5,731	5,781	-	5,781
Financial institutions' loans	-	-	-	-	-	-	-	-	-
Consumer loans	-	-	-	4,088	-	4,088	4,088	-	4,088
Mortgage loans	5	-	5	1,234	-	1,234	1,239	-	1,239
TOTAL PAST-DUE LOAN PORTFOLIO	55	-	55	11,053	-	11,053	11,108	-	11,108
LOAN PORTFOLIO	105,964	-	105,964	612,655	-	612,655	718,619	-	718,619
(Minus) Allowance for loan losses	(1,444)	-	(1,444)	(16,205)	-	(16,205)	(17,649)	-	(17,649)
LOAN PORTFOLIO, net	104,520	-	104,520	596,450	-	596,450	700,970	-	700,970
ACQUIRED COLLECTION RIGHTS	-	-	-	2,593	-	2,593	2,593	-	2,593
TOTAL LOAN PORTFOLIO, net	104,520	-	104,520	599,043	-	599,043	703,563	-	703,563
ACCOUNTS RECEIVABLE FROM INSURANCE AND	3	-	3	1,879	-	1,879	1,882	-	1,882

ANNUITIES, net									
PREMIUM RECEIVABLES, net	20	-	20	6,519	-	6,519	6,539	-	6,539
ACCOUNTS RECEIVABLE FROM REINSURANCE, net	576	-	576	9,285	-	9,285	9,861	-	9,861
RECEIVABLES GENERATED BY SECURITIZATIONS	-	-	-	177	-	177	177	-	177
OTHER ACCOUNTS RECEIVABLE, net	5,108	-	5,108	46,338	-	46,338	51,446	-	51,446
MERCHANDISE INVENTORY	-	-	-	1,205	-	1,205	1,205	-	1,205
FORECLOSED ASSETS, net	146	-	146	1,121	-	1,121	1,267	-	1,267
PROPERTY, FURNITURE AND EQUIPMENT, net	732	-	732	16,896	-	16,896	17,628	-	17,628
PERMANENT STOCK INVESTMENTS	70	-	70	13,395	2,556	15,951	16,021	(2,556)	13,465
DEFERRED TAXES, net	1,009	(1,006)	2,015	3,011	-	3,011	5,026	(28)	4,998
OTHER ASSETS									
Goodwill	-	-	-	12,630	10,289	22,919	22,919	-	22,919
Deferred charges, advance payments and intangibles	742	-	742	13,196	-	13,196	13,938	-	13,938
Other short-term and long-term assets	-	-	-	2,489	-	2,489	2,489	-	2,489
	742	-	742	28,315	10,289	38,604	39,346	-	39,346
TOTAL ASSETS	**$208,876**	**$(12,707)**	**$196,169**	**$1,295,121**	**$12,845**	**$1,307,966**	**$1,504,135**	**$(2,584)**	**$1,501,551**

LIABILITIES	**GF Interacciones**	**Proforma Adjustments**	**GF Interacciones Proforma**	**GF Banorte**	**Proforma Adjustments**	**GF Banorte Proforma**	**Grand Total**	**Eliminations**	**Proforma Amounts**
DEPOSITS									
Demand deposits	$62,429	$-	$62,429	$375,201	$-	$375,201	$437,630	$-	$437,630
Time deposits									
General public	9,386	-	9,386	235,524	-	235,524	244,910	-	244,910
Money market	12,321	-	12,321	8,983	-	8,983	21,304	-	21,304
Senior debt issued	18,494	-	18,494	2,745	-	2,745	21,239	-	21,239
Global account of deposits in movement	-	-	-	1,523	-	1,523	1,523	-	1,523
	102,630	-	102,630	623,976	-	623,976	726,606	-	726,606
INTERBANK AND OTHER LOANS									
Demand loans	880	-	880	-	-	-	880	-	880
Short-term loans	3,930	-	3,930	15,104	-	15,104	19,034	-	19,034
Long-term loans	11,240	-	11,240	15,751	-	15,751	26,991	-	26,991
	16,050	-	16,050	30,855	-	30,855	46,905	-	46,905
TECHNICAL RESERVES	959	-	959	103,550	-	103,550	104,509	-	104,509
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	63,950	-	63,950	299,573	-	299,573	363,523	-	363,523
COLLATERAL SOLD OR PLEDGED									
Repurchase or resale agreements (creditor balance)	-	-	-	54	-	54	54	-	54
DERIVATIVES FINANCIAL INSTRUMENTS									

For trading purposes	146	-	146	17,958	-	17,958	18,104	-	18,104
For hedging purposes	-	-	-	7,104	-	7,104	7,104	-	7,104
	146	**-**	**146**	**25,062**	**-**	**25,062**	**25,208**	**-**	**25,208**
ACCOUNTS PAYABLE TO REINSURERS, net	10	-	10	3,185	-	3,185	3,195	-	3,195
OTHER ACCOUNTS PAYABLES									
Income tax	52	1,006	1,058	2,455	-	2,455	3,513	-	3,513
Employee profit sharing	72	-	72	320	-	320	392	-	392
Creditors from settlements of transactions	1,326	-	1,326	10,616	-	10,616	11,942	-	11,942
Creditors from collaterals received in cash	-	-	-	3,860	-	3,860	3,860	-	3,860
Sundry creditors and other payables	3,203	-	3,203	17,952	-	17,952	21,155	-	21,155
	4,653	**1,006**	**5,659**	**35,203**	**-**	**35,203**	**40,862**	**-**	**40,862**
SUBORDINATED DEBENTURES	3,565	-	3,565	30,255	-	30,255	33,820	-	33,820
DEFERRED TAXES, net	28	-	28	-	-	-	28	(28)	-
DEFERRED CREDITS AND ADVANCED COLLECTIONS	616	-	616	418	-	418	1,034	-	1,034
TOTAL LIABILITIES	**$192,607**	**$1,006**	**$193,613**	**$1,152,131**	**$-**	**$1,152,131**	**$1,345,744**	**$(28)**	**$1,345,716**

STOCKHOLDERS' EQUITY	**GF Interacciones**	**Proforma Adjustments**	**GF Interacciones Proforma**	**GF Banorte**	**Proforma Adjustments**	**GF Banorte Proforma**	**Grand Total**	**Eliminations**	**Proforma Amounts**
PAID-IN CAPITAL									
Common stock	$2,345	$(2,345)	$-	$14,576	$384	$14,960	$14,960	$-	$14,960
Additional paid-in capital	1,869	(1,869)	-	35,780	12,461	48,241	48,241	-	48,241
	4,214	(4,214)	-	50,356	12,845	63,201	63,201	-	63,201
OTHER CAPITAL									
Capital reserves	801	(801)	-	5,095	-	5,095	5,095	-	5,095
Retained earnings from prior years	8,667	(8,698)	(31)	71,592	-	71,592	71,561	31	71,592
Result from valuation of securities available for sale	310	-	310	(2,428)	-	(2,428)	(2,118)	(310)	(2,428)
Result from valuation of instruments for cash flow hedging	-	-	-	(1,884)	-	(1,884)	(1,884)	-	(1,884)
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	65	-	65	65	-	65
Result from Conversions	4	-	4	1,613	-	1,613	1,617	(4)	1,613
Defined remedies for employees benefits	-	-	-	(741)	-	(741)	(741)	-	(741)
Net income	2,273	-	2,273	17,426	-	17,426	19,699	(2,273)	17,426
	12,055	(9,499)	2,556	90,738	-	90,738	93,294	(2,556)	90,738
MINORITY INTEREST	**-**	**-**	**-**	**1,896**	**-**	**1,896**	**1,896**	**-**	**1,896**

TOTAL STOCKHOLDERS' EQUITY	**16,269**	**(13,713)**	**2,556**	**142,990**	**12,845**	**155,835**	**158,391**	**(2,556)**	**155,835**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$208,876**	**$(12,707)**	**$196,169**	**$1,295,121**	**$12,845**	**$1,307,966**	**$1,504,135**	**$(2,584)**	**$1,501,551**
MEMORANDUM ACCOUNTS									
Operations on behalf of third parties									
Banks customers (current accounts)	$528	$-	$528	$79	$-	$79	$607	$-	$607
Settlement of customer transactions	209	-	209	48	-	48	257	-	257
Customer securities received in custody	66,594	-	66,594	678,718	-	678,718	745,312	-	745,312
Customer repurchase agreements	-	-	-	75,928	-	75,928	75,928	-	75,928
Securities loan transactions by client account	144	-	144	-	-	-	144	-	144
Collateral pledged on account of clients	906	-	906	75,949	-	75,949	76,855	-	76,855
Managed trusts	-	-	-	103,775	-	103,775	103,775	-	103,775
Investment banking transactions on account of third parties, (net)	-	-	-	85,844	-	85,844	85,844	-	85,844
Total operations on behalf of third parties	68,381	-	68,381	1,020,341	-	1,020,341	1,088,722	-	1,088,722
Proprietary transactions									
Credit commitments	2,219	-	2,219	$236,364	-	$236,364	238,583	-	238,583
Assets in trust or under mandate	192,605	-	192,605	283,559	-	283,559	476,164	-	476,164
Managed assets in custody	50,520	-	50,520	559,611	-	559,611	610,131	-	610,131
Collateral received	13,994	-	13,994	110,142	-	110,142	124,136	-	124,136
Collateral received and sold or given as a pledge	5,665	-	5,665	111,691	-	111,691	117,356	-	117,356
Deposits of assets	-	-	-	1,802	-	1,802	1,802	-	1,802
Contingent assets and liabilities	-	-	-	111	-	111	111	-	111
Interest accrued but not charged of past due loans	359	-	359	361	-	361	720	-	720
Total proprietary transactions	**$265,362**	**$-**	**$265,362**	**$1,303,641**	**$-**	**$1,303,641**	**$1,569,003**	**$-**	**$1,569,003**

Grupo Financiero Banorte, S.A.B. de C.V.
Pro forma consolidated Balance Sheets
As of December 31, 2016 (Unaudited)
(*In Millions of Mexican pesos*)

ASSETS	GF Interacciones	Proforma Adjustments	GF Interaccione Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
CASH AND CASH EQUIVALENTS	$12,929	$(12,929)	$-	$65,886	$-	$65,886	$65,886	$-	$65,886
MARGIN SECURITIES	-	-	-	2,185	-	2,185	2,185	-	2,185
INVESTMENTS IN SECURITIES									
Trading securities	91,094	-	91,094	181,777	-	181,777	272,871	-	272,871
Securities available for sale	12,191	(784)	11,407	195,087	-	195,087	206,494	-	206,494
Securities held to maturity	2,113	-	2,113	81,920	-	81,920	84,033	-	84,033
	105,398	(784)	104,614	458,784	-	458,784	563,398	-	563,398
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	57	-	57	-	-	-	57	-	57
DERIVATIVES FINANCIAL INSTRUMENTS									
For trading purposes	101	-	101	41,134	-	41,134	41,235	-	41,235
For hedging purposes	-	-	-	742	-	742	742	-	742
	101	-	101	41,876	-	41,876	41,977	-	41,977
VALUATION ADJUSTMENTS FOR ASSET HEDGING	-	-	-	114	-	114	114	-	114
PERFORMING LOAN PORTFOLIO									
Commercial loans									
Business loans	24,793	-	24,793	224,218	-	224,218	249,011	-	249,011
Financial institution's loans	487	-	487	4,650	-	4,650	5,137	-	5,137
Government loans	89,518	-	89,518	134,798	-	134,798	224,316	-	224,316
Consumer loans	21		21	88,332		88,332	88,353	-	88,353
Mortgage loans	158	-	158	114,807	-	114,807	114,965	-	114,965
TOTAL PERFORMING LOAN PORTFOLIO	114,977	-	114,977	566,805	-	566,805	681,782	-	681,782
PAST-DUE LOAN PORTFOLIO									
Commercial loans									
Business loans	50	-	50	5,672	-	5,672	5,722	-	5,722
Financial institutions' loans	-	-	-	344	-	344	344	-	344
Consumer loans	-	-	-	3,247	-	3,247	3,247	-	3,247
Mortgage loans	7	-	7	1,049	-	1,049	1,056	-	1,056
TOTAL PAST-DUE LOAN PORTFOLIO	57	-	57	10,312	-	10,312	10,369	-	10,369
LOAN PORTFOLIO	115,034	-	115,034	577,117	-	577,117	692,151	-	692,151
(Minus) Allowance for loan losses	(1,469)	-	(1,469)	(14,384)	-	(14,384)	(15,853)	-	(15,853)
LOAN PORTFOLIO, net	113,565	-	113,565	562,733	-	562,733	676,298	-	676,298
ACQUIRED COLLECTION RIGHTS	-	-	-	2,025	-	2,025	2,025	-	2,025
TOTAL LOAN PORTFOLIO, net	113,565	-	113,565	564,758	-	564,758	678,323	-	678,323
ACCOUNTS RECEIVABLE FROM INSURANCE AND	3	-	3	1,908	-	1,908	1,911	-	1,911

ANNUITIES, net									
PREMIUM RECEIVABLES, net	74	-	74	4,245	-	4,245	4,319	-	4,319
ACCOUNTS RECEIVABLE FROM REINSURANCE, net	1,063	-	1,063	7,166	-	7,166	8,229	-	8,229
RECEIVABLES GENERATED BY SECURITIZATIONS	-	-	-	155	-	155	155	-	155
OTHER ACCOUNTS RECEIVABLE, net	3,605	-	3,605	50,366	-	50,366	53,971	-	53,971
MERCHANDISE INVENTORY	-	-	-	438	-	438	438	-	438
FORECLOSED ASSETS, net	175	-	175	1,610	-	1,610	1,785	-	1,785
PROPERTY, FURNITURE AND EQUIPMENT, net	759	-	759	15,829	-	15,829	16,588	-	16,588
PERMANENT STOCK INVESTMENTS	61	-	61	13,764	1,962	15,726	15,787	(1,962)	13,825
LONG-TERM ASSETS AVAILABLE FOR SALE	-	-	-	5,299	-	5,299	5,299	-	5,299
DEFERRED TAXES, net	841	1,006	1,847	3,994	-	3,994	5,841	(16)	5,825
OTHER ASSETS									
Goodwill	-	-	-	12,679	10,883	23,562	23,562	-	23,562
Deferred charges, advance payments and intangibles	1,328	-	1,328	13,636	-	13,636	14,964	-	14,964
Other short-term and long-term assets	109	-	109	3,427	-	3,427	3,536	-	3,536
	1,437	-	1,437	29,742	10,883	40,625	42,062	-	42,062
TOTAL ASSETS	$240,068	$(12,707)	$227,361	$1,268,119	$12,845	$1,280,964	$1,508,325	$(1,978)	$1,506,347

LIABILITIES	**GF Interacciones**	**Proforma Adjustments**	**GF Interacciones Proforma**	**GF Banorte**	**Proforma Adjustments**	**GF Banorte Proforma**	**Grand Total**	**Eliminations**	**Proforma Amounts**
DEPOSITS									
Demand deposits	$49,643	$-	$49,643	$381,203	$-	$381,203	$430,846	$-	$430,846
Time deposits									
General public	16,445	-	16,445	190,461	-	190,461	206,906	-	206,906
Money market	18,353	-	18,353	1,459	-	1,459	19,812	-	19,812
Senior debt issued	16,655	-	16,655	85	-	85	16,740	-	16,740
Global account of deposits in movement	-	-	-	1,352	-	1,352	1,352	-	1,352
	101,096	-	101,096	574,560	-	574,560	675,656	-	675,656
INTERBANK AND OTHER LOANS									
Demand loans	500	-	500	4,019	-	4,019	4,519	-	4,519
Short-term loans	7,199	-	7,199	17,155	-	17,155	24,354	-	24,354
Long-term loans	11,237	-	11,237	17,462	-	17,462	28,699	-	28,699
	18,936	-	18,936	38,636	-	38,636	57,572	-	57,572
TECHNICAL RESERVES	**1,495**	**-**	**1,495**	**90,369**	**-**	**90,369**	**91,864**	**-**	**91,864**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**93,597**	**-**	**93,597**	**308,777**	**-**	**308,777**	**402,374**	**-**	**402,374**
COLLATERAL SOLD OR PLEDGED									
Repurchase or resale agreements (creditor balance)	499	-	499	-	-	-	499	-	499

DERIVATIVES FINANCIAL INSTRUMENTS									
For trading purposes	457	-	457	40,403	-	40,403	40,860	-	40,860
For hedging purposes	-	-	-	9,372	-	9,372	9,372	-	9,372
	457	-	457	49,775	-	49,775	50,232	-	50,232
ACCOUNTS PAYABLE TO REINSURERS, net	211	-	211	1,747	-	1,747	1,958	-	1,958
OTHER ACCOUNTS PAYABLES									
Income tax	47	1,006	1,053	3,114	-	3,114	4,167	-	4,167
Employee profit sharing	86	-	86	396	-	396	482	-	482
Creditors from settlements of transactions	701	-	701	7,348	-	7,348	8,049	-	8,049
Creditors from margin securities	435	-	435	-	-	-	435	-	435
Creditors from collaterals received in cash	-	-	-	10,326	-	10,326	10,326	-	10,326
Sundry creditors and other payables	2,374	-	2,374	18,037	-	18,037	20,411	-	20,411
	3,643	1,006	4,649	39,221	-	39,221	43,870	-	43,870
SUBORDINATED DEBENTURES	3,561	-	3,561	21,917	-	21,917	25,478	-	25,478
DEFERRED TAXES, net	16	-	16	-	-	-	16	(16)	-
DEFERRED CREDITS AND ADVANCED COLLECTIONS	882	-	882	416	-	416	1,298	-	1,298
TOTAL LIABILITIES	**$224,393**	**$1,006**	**$225,399**	**$1,125,418**	**$-**	**$1,125,418**	**$1,350,817**	**$(16)**	**$1,350,801**

STOCKHOLDERS' EQUITY	**GF Interacciones**	**Proforma Adjustments**	**GF Interacciones Proforma**	**GF Banorte**	**Proforma Adjustments**	**GF Banorte Proforma**	**Grand Total**	**Eliminations**	**Proforma Amounts**
PAID-IN CAPITAL									
Common stock	$2,344	$(2,344)	$-	$14,574	$384	$14,958	$14,958	$-	$14,958
Additional paid-in capital	1,861	(1,861)	-	36,427	12,461	48,888	48,888	-	48,888
	4,205	(4,205)	-	51,001	12,845	63,846	63,846	-	63,846
OTHER CAPITAL									
Capital reserves	671	(671)	-	4,825	-	4,825	4,825	-	4,825
Retained earnings from prior years	7,922	(8,837)	(915)	68,492	-	68,492	67,577	915	68,492
Result from valuation of securities available for sale	276	-	276	(2,592)	-	(2,592)	(2,316)	(276)	(2,592)
Result from valuation of instruments for cash flow hedging	-	-	-	(2,089)	-	(2,089)	(2,089)	-	(2,089)
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	87	-	87	87	-	87
Result from Conversions	5	-	5	2,084	-	2,084	2,089	(5)	2,084
Defined remedies for employees benefits	-	-	-	(370)	-	(370)	(370)	-	(370)

Net income	2,596	-	2,596	19,308		-	19,308	21,904	(2,596)	19,308
	11,470	(9,508)	1,962	89,745		-	89,745	91,707	(1,962)	89,745
MINORITY INTEREST	-	-	-	1,955		-	1,955	1,955	-	1,955
TOTAL STOCKHOLDERS' EQUITY	**15,675**	**(13,713)**	**1,962**	**142,701**	**12,845**	**155,546**	**157,508**	**(1,962)**	**155,546**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$240,068**	**$(12,707)**	**$227,361**	**$1,268,119**	**$12,845**	**$1,280,964**	**$1,508,325**	**$(1,978)**	**$1,506,347**
MEMORANDUM ACCOUNTS									
Operations on behalf of third parties									
Banks customers (current accounts)	$1,279	$-	$1,279	$118	$-	$118	$1,397	$-	$1,397
Settlement of customer transactions	(421)	-	(421)	(3)	-	(3)	(424)	-	(424)
Customer securities received in custody	71,675	-	71,675	609,288	-	609,288	680,963	-	680,963
Customer repurchase agreements	-	-	-	77,781	-	77,781	77,781	-	77,781
Securities loan transactions by client account	40	-	40	-	-	-	40	-	40
Collateral pledged on account of clients	492	-	492	77,746	-	77,746	78,238	-	78,238
Managed trusts	-	-	-	90,205	-	90,205	90,205	-	90,205
Investment banking transactions on account of third parties, (net)	-	-	-	93,307	-	93,307	93,307	-	93,307
Total operations on behalf of third parties	73,065	-	73,065	948,441	-	948,441	1,021,505	-	1,021,505
Proprietary transactions									
Credit commitments	1,335	-	1,335	$324,528	-	$324,528	325,863	-	325,863
Assets in trust or under mandate	78,568	-	78,568	292,174	-	292,174	370,742	-	370,742
Managed assets in custody	40,354	-	40,354	446,626	-	446,626	486,980	-	486,980
Collateral received	12,511	-	12,511	89,288	-	89,288	101,799	-	101,799
Collateral received and sold or given as a pledge	5,127	-	5,127	101,473	-	101,473	106,600	-	106,600
Deposits of assets	-	-	-	2,550	-	2,550	2,550	-	2,550
Contingent assets and liabilities	-	-	-	45	-	45	45	-	45
Interest accrued but not charged of past due loans	311	-	311	439	-	439	750	-	750
Total proprietary transactions	**$138,206**	**$-**	**$138,206**	**$1,257,123**	**$-**	**$1,257,123**	**$1,395,329**	**$-**	**$1,395,329**

6. ISSUER'S MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

6.1. Results of Operations

The following analysis is based on the income statement of GF Banorte and GF Interacciones before the Merger and the pro forma combined results of operation GF Banorte after the Merger, according to the financial information and consolidation of accounts, presented by the external auditors in such pro forma financial statements which are an integral part of this disclosure memorandum.

The following are significant changes in the main items of the pro forma income statement for the twelve-month period ended December 31, 2016 and the nine-month period ended September 30, 2017.

The amounts below are reported in millions of pesos.

***For the nine-month period ended September 30, 2017*:**

The combined pro forma interest income for the nine-month period ended September 30, 2017, increased by 16% (sixteen percent), going from $80,929 to $94,029 corresponding to the same historical period. This increase was mainly due to the increase of 18% on the current loan portfolio, which has lower rates because of the main participation in government loans in GF Interacciones.

The combined pro forma net interest income for the nine-month period ended September 30, 2017, increased by 3% (three percent), going from $46,727 to $48,189 corresponding to the same historical period. This increase was mainly due to a higher funding cost of GF Interacciones, which translated into a 35% increase in pro-forma combined interest expenses for the same period.

The combined pro forma net interest income after allowances for loan losses for the nine-month period ended September 30, 2017, increased by 4% (four percent), going from $35,474 to $36,936 corresponding to the same historical period. This increase was mainly due to the effect of zero preventive estimates in GF Interacciones and the $11,253 in GF Banorte.

The combined pro forma commissions and fee income for the nine-month period ended September 30, 2017, increased by 18% (eighteen percent), going from $14,290 to $16,922 corresponding to the same historical period. This increase was mainly due to the business model of GF Interacciones that includes commissions on project monitoring and structured and customized financial solutions that positively complement the ratio of moderate margin loans.

The combined pro forma non-interest expense for the nine-month period ended September 30, 2017, increased by 10% (ten percent), going from $25,262 to $27,692 corresponding to the same historical period. This increase was mainly due to the $2,430 in administrative and operating costs of GF Interacciones.

The combined pro forma operating income for the nine-month period ended September 30, 2017, increased by 12% (twelve percent), going from $23,270 to $25,957 corresponding to the same historical period. This increase was mainly due to the combination of net interest income with lower margin but very high credit quality, which led to a record in the period of zero preventive estimates, as well as charged commissions that cover 108% of administrative expenses in GF Interacciones.

The combined pro forma income before tax for the nine-month period ended September 30, 2017, increased by 11% (eleven percent), going from $24,159 to $26,848 corresponding to the same historical period. This increase was mainly due to a participation in non-consolidated subsidiaries of only $2 in GF Interacciones and $889 in GF Banorte, mainly derived from the Afore XXI.

The combined pro forma net income for the nine-month period ended September 30, 2017, increased by 13% (thirteen percent), going from $17,426 to $19,699 corresponding to the same historical period. This increase was due to a lower effective tax rate in GF Interacciones mainly due to positive deferred taxes for $200.

***For the twelve-month period ended October 31, 2016*:**

The combined pro forma interest income for the twelve-month period ended December 31, 2016, increased by 15% (fifteen percent), going from $80,264 to $92,573 corresponding to the same historical period. This increase was mainly due to the increase of 20% on the current loan portfolio, which has lower rates because of the main participation in government loans in GF Interacciones.

The combined pro forma net interest income for the twelve-month period ended December 31, 2016, increased by 6% (six percent), going from $53,057 to $56,401 corresponding to the same historical period. This increase was mainly due to a higher funding cost of GF Interacciones, which translated into a 33% increase in pro-forma combined interest expenses for the same period.

The combined pro forma net interest income after allowances for loan losses for the twelve-month period ended December 31, 2016, increased by 6% (six percent), going from $39,744 to $41,963 corresponding to the same historical period. This increase was mainly due to the effect of $1,125 preventive estimates in GF Interacciones and the $ 13,313 in GF Banorte.

The combined pro forma commissions and fee income for the twelve-month period ended December 31, 2016, increased by 28% (twenty eight percent), going from $16,683 to $21,345 corresponding to the same historical period. This increase was mainly due to the business model of GF Interacciones that includes commissions on project monitoring and structured and customized financial solutions that positively complement the ratio of moderate margin loans.

The combined pro forma non-interest expense for the twelve-month period ended December 31, 2016, increased by 9% (nine percent), going from $31,243 to $34,111 corresponding to the same historical period. This increase was mainly due to the $ 2,868 in administrative and operating costs of GF Interacciones.

The combined pro forma operating income for the twelve-month period ended December 31, 2016, increased by 13% (thirteen percent), going from $24,965 to $28,264 corresponding to the same historical period. This increase was mainly due to the combination of net interest income with lower margin but very high credit quality, which led to a record in the period of $1,125 preventive estimates, as well as charged commissions that cover 163% of administrative expenses in GF Interacciones.

The combined pro forma income before tax for the twelve-month period ended December 31, 2016, increased by 13% (thirteen percent), going from $26,211 to $29,515 corresponding to the same historical period. This increase was mainly due to a participation in non-consolidated subsidiaries of only $5 in GF Interacciones and $1,246 in GF Banorte, mainly derived from the Afore XXI.

The combined pro forma net income for the twelve-month period ended December 31, 2016, increased by 13% (thirteen percent), going from $19,308 to $21,904 corresponding to the same historical period. This increase was due to a lower effective tax rate in GF Interacciones.

6.2. Financial situation, liquidity and capital resources

The following analysis is based on the balance sheet of GF Banorte and GF Interacciones before the Merger and the combined balance sheet of GF Banorte, after the Merger, according to the financial information and consolidation of accounts presented by the external auditors in such pro forma financial statements which are an integral part of this disclosure memorandum.

***As of September 30, 2017*:**

The total pro forma combined cash and cash equivalents as of September 30, 2017, increased by 17% (seventeen percent), going from $487,090 to $568,700 corresponding to the same date with historical information. This increase was mainly due to $68,070 in trading securities in GF Interacciones that represent an increase of 28%.

The pro forma combined total performing loan portfolio as of September 30, 2017 increased by 18% (eighteen percent), going from $601,602 to $707,511 corresponding to the same historical period. This increase was due to GF Interacciones portfolios with $27,060 in corporate portfolio and $77,934 with government entities.

The pro forma combined net total loan portfolio as of September 30, 2017 increased by 17% (seventeen percent), going from $599,043 to $703,563 corresponding to the same historical period. This increase was due to the excellent quality of the portfolio of GF Interacciones that recorded only $55 in past due loans minus only ($1,444) in allowance for loan losses.

The pro forma combined total assets as of September 30, 2017 increased by 16% (sixteen percent), going from $1,295,121 to $1,501,551 corresponding to the same period with historical information. This increase was mainly due to the variations in investments in securities and portfolios previously described and $10,289 in pro forma goodwill.

The pro forma combined deposits as of September 30, 2017 increased by 16% (sixteen percent), going from $623,976 to$ 726,606 corresponding to the same period with historical information. This increase was mainly due to $62,429 of demand deposits, $9,386 in general public time deposits, $12,321 in money market time deposits and $18,494 in senior debt issued in GF Interacciones.

The pro forma combined liabilities derived from interbank and other loans as of September 30, 2017 increased by 52% (fifty-two percent), going from $30,855 to $46,905 corresponding to the same period with historical information. This was due to $3,930 in short-term loans and $11,240 in long-term loans in GF Interacciones.

The pro forma combined creditor balances under repurchase and resale agreements as of September 30, 2017 increased by 21% (twenty one percent), going from $299,573 to $363,523 corresponding to the same period with historical information. This increase was due to the normal business in reports in GF Interacciones.

The pro forma combined total liabilities as of September 30, 2017, increased by 17% (seventeen percent) going from $1,152,131 to $1,345,716 corresponding to the same period with historical information. The increase was mainly due to the items described in previous paragraphs.

The pro forma combined paid in capital as of September 30, 2017 increased by 26% (twenty-six percent), going from $50,356 to $63,201 corresponding to the same period with historical information. This increase was due to the issuance of 109,727,031 shares at a price of $117.06 per share as consideration for the merger with GF Interacciones.

The pro forma total liabilities and stockholders' equity as of September 30, 2017 increased by 16% (sixteen percent), going from $1,295,121 to $1,501,551 corresponding to the same date with historical information.

AS of December 31, 2016:

The total pro forma combined cash and cash equivalents as of December 31, 2016, increased by 23% (twenty tree percent), going from $458,784 to $563,398 corresponding to the same date with historical information. This increase was mainly due to $91,094 in trading securities in GF Interacciones that represent an increase of 50%.

The pro forma combined total performing loan portfolio as of December 31, 2016 increased by 20% (twenty percent), going from $566,805 to $681,782 corresponding to the same historical period. This increase was due to GF Interacciones portfolios with $24,793 in corporate portfolio and $89,518 with government entities.

The pro forma combined net total loan portfolio as of December 31, 2016 increased by 20% (twenty percent), going from $564,758 to $678,323 corresponding to the same historical period. This increase was due to the excellent quality of the portfolio of GF Interacciones that recorded only $57 in past due loans minus only ($1,469) in allowance for loan losses.

The pro forma combined total assets as of December 31, 2016 increased by 19% (nineteen percent), going from $1,268,119 to $1,506,347 corresponding to the same period with historical information. This increase was mainly due to the variations in investments in securities and portfolios previously described and $10,883 in pro forma goodwill.

The pro forma combined deposits as of December 31, 2016 increased by 18% (eighteen percent), going from $574,560 to $675,656 corresponding to the same period with historical information. This increase was mainly due to $49,643 of demand deposits, $16,445 in time deposits, $18,353 in money market time deposits and $16,655 in senior debt issued in GF Interacciones.

The pro forma combined liabilities derived from interbank and other loans as of December 31, 2016 increased by 49% (forty nine percent), going from $38,636 to $57,572 corresponding to the same period with historical information. This was due to $7,199 in short-term loans and $11,237 in long-term loans in GF Interacciones.

The pro forma combined creditor balances under repurchase and resale agreements as of December 31, 2016 increased by 30% (thirty percent), going from $308,777 to $402,374 corresponding to the same period with historical information. This increase was due to the normal business in reports in GF Interacciones.

The pro forma combined total liabilities as of December 31, 2016, increased by 20% (twenty percent) going from $1,125,418 to $1,350,801 corresponding to the same period with historical information. The increase was mainly due to the items described in previous paragraphs.

The pro forma combined paid in capital as of December 31, 2016 increased by 25% (twenty-five percent), going from $51,001 to $63,846 corresponding to the same period with historical information. This increase was due to the issuance of 109,727,031 shares at a price of $117.06 per share as consideration for the merger with GF Interacciones.

The pro forma total liabilities and stockholders' equity as of December 31, 2016 increased by 19% (nineteen percent), going from $1,268,119 to $1,506,347 corresponding to the same date with historical information.

7. RELEVANT AGREEMENTS

The following are the relevant agreements to be entered into in connection with the Transaction:

1. Master Merger Agreement dated October 25, 2017, entered into among GF Banorte, GF Interacciones and the Controlling Shareholders of GF Interaccciones, in the terms described and disclosed in this disclosure memorandum.

2. Merger Agreement to be entered into between GF Banorte and GF Interacciones, in the terms described and disclosed in this Disclosure Memorandum.

8. RESPONSIBLE PERSONS

The undersigned, we declare under oath that, in the scope of our respective functions, we prepare the information relative to GF Banorte contained in this disclosure memorandum, which, to the best of our knowledge and understanding, reasonably reflects its situation. Likewise, we declare that we have no knowledge of relevant information that has been omitted or falsified in this disclosure memorandum or that it contains information that could mislead investors.

Grupo Financiero Banorte, S.A.B. de C.V.

[*Illegible signature*]

José Marcos Ramírez Miguel
CEO

[*Illegible signature*]

Rafael Arana de la Garza
CFO

[*Illegible signature*]

Héctor Martín Ávila Flores
General Counsel

9. EXHIBITS

Exhibit A – External Auditor's Opinion

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Independent Auditors' Report about the review of proforma financial information as of September 30, 2017 (unaudited) and December 31, 2016

Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries

Independent Auditors' Report about the review of proforma financial information as of September 30, 2017 (unaudited) and December 31, 2016

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Financiero Banorte, S.A.B. de C.V. y Subsidiaries

We have reviewed the proforma adjustments that reflect the event described in Note 1 and the application of those adjustments to the amounts that are shown in the proforma consolidated balance sheet of Grupo Financiero Banorte, S.A.B. de C.V. and Subsidiaries (GF Banorte) and Grupo Financiero Interacciones, S.A.B. de C.V. (GF Interacciones) as of September 30, 2017 (unaudited) and December 31, 2016 and in the proforma consolidated income statements related, for the period of nine months ended September 30, 2017 (unaudited) and for the year ended December 31, 2016.

The basic consolidated financial statements of GF Banorte as of December 31, 2016 and for the year ended that date, were reviewed by us and we issue our unqualified opinion dated February 27, 2017. The basic consolidated financial statements of GF Interacciones as of December 31, 2016 and for the year ended that date were audited by other firm, and are shown in separate section of this report. The proforma adjustments are based on the management assumptions described in Note 2. The proforma financial information is responsibility of the management of GF Banorte. Our responsibility is to express an opinion on the proforma financial information based on our review.

Our review was conducted in accordance with the standards established by the Mexican Institute of Public Accountants (IMCP) and consequently, included the procedures that we consider necessary in the circumstances.

We believe that our review provide a reasonable basis to support our opinion.

The object of this proforma financial information is to show what the relevant effects on the basic consolidated financial information of GF Banorte would have been, regarding the materialization of the event described in Note 1, if it had occurred at the date of the consolidated balance sheet that contains the basic consolidated financial information. However, the proforma consolidated financial statements described in the previous paragraphs, are not necessarily indicative of the result of the operations neither of the corresponding effects on the consolidated financial situation that might be determined if the mentioned event, had occurred at the date of the consolidated balance sheet that contains the basic consolidated financial information.

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In our opinion, management's assumptions provide a reasonable basis to present the relevant effects that are directly attributable to the event described in Note 1, that in the relative proforma adjustments gives the appropriate effect to those assumptions and in the column of proforma amounts reflects the appropriate application of that adjustments to the basic figures presented in the proforma consolidated balance sheet as of September 30, 2017 (unaudited) and December 31, 2016 and in the proforma consolidated income statements related, for the period of nine months ended September 30, 2017 (unaudited) and for the year ended December 31, 2016.

Other Matter

The accompanying proforma financial information as of September 30, 2017 (unaudited) and December 31, 2016 have been translated into English for the convenience of readers.

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Daniel Castellanos Cárdenas

November 3, 2017

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.
PROFORMA CONSOLIDATED BALANCE SHEETS AND SUBSIDIARIES
AS OF SEPTEMBER 30, 2017 (UNAUDITED)
(In millions of Mexican pesos)

ASSETS	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
CASH AND CASH EQUIVALENTS	$7,527	$(7,527)	$-	$59,809	$-	$59,809	$59,809	$-	$59,809
MARGIN SECURITIES	-	-	-	1,628	-	1,628	1,628	-	1,628
INVESTMENTS IN SECURITIES									
Trading securities	68,070	-	68,070	242,347	-	242,347	310,417	-	310,417
Securities available for sale	17,597	(6,186)	11,411	153,555	-	153,555	164,966	-	164,966
Securities held to maturity	2,129	-	2,129	91,188	-	91,188	93,317	-	93,317
	87,796	(6,186)	81,610	487,090	-	487,090	568,700	-	568,700
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	-	-	-	231	-	231	231	-	231
DERIVATIVE FINANCIAL INSTRUMENTS									
For trading purposes	627	-	627	18,983	-	18,983	19,610	-	19,610
For hedging purposes	-	-	-	94	-	94	94	-	94
	627	-	627	19,077	-	19,077	19,704	-	19,704
VALUATION ADJUSTMENTS FOR ASSET HEDGING	-	-	-	102	-	102	102	-	102
PERFORMING LOAN PORTFOLIO									
Commercial loans									
Business loans	27,060	-	27,060	231,954	-	231,954	259,014	-	259,014
Financial institution's loans	760	-	760	4,882	-	4,882	5,642	-	5,642
Government loans	77,934	-	77,934	131,460	-	131,460	209,394	-	209,394
Consumer loans	19	-	19	103,222	-	103,222	103,241	-	103,241
Mortgage loans	136	-	136	130,084	-	130,084	130,220	-	130,220
TOTAL PERFORMING LOAN PORTFOLIO	105,909	-	105,909	601,602	-	601,602	707,511	-	707,511
PAST-DUE LOAN PORTFOLIO									
Commercial loans									
Business loans	50	-	50	5,731	-	5,731	5,781	-	5,781
Financial institutions' loans	-	-	-	-	-	-	-	-	-
Consumer loans	-	-	-	4,088	-	4,088	4,088	-	4,088
Mortgage loans	5	-	5	1,234	-	1,234	1,239	-	1,239
TOTAL PAST-DUE LOAN PORTFOLIO	55	-	55	11,053	-	11,053	11,108	-	11,108
LOAN PORTFOLIO	105,964	-	105,964	612,655	-	612,655	718,619	-	718,619
(Minus) Allowance for loan losses	(1,444)	-	(1,444)	(16,205)	-	(16,205)	(17,649)	-	(17,649)
LOAN PORTFOLIO, net	104,520	-	104,520	596,450	-	596,450	700,970	-	700,970
ACQUIRED COLLECTION RIGHTS	-	-	-	2,593	-	2,593	2,593	-	2,593
TOTAL LOAN PORTFOLIO, net	104,520	-	104,520	599,043	-	599,043	703,563	-	703,563
ACCOUNTS RECEIVABLE FROM INSURANCE AND ANNUITIES, net	3	-	3	1,879	-	1,879	1,882	-	1,882
PREMIUM RECEIVABLES, net	20	-	20	6,519	-	6,519	6,539	-	6,539
ACCOUNTS RECEIVABLE FROM REINSURANCE, net	576	-	576	9,285	-	9,285	9,861	-	9,861
RECEIVABLES GENERATED BY SECURITIZATIONS	-	-	-	177	-	177	177	-	177
OTHER ACCOUNTS RECEIVABLE, net	5,108	-	5,108	46,338	-	46,338	51,446	-	51,446
MERCHANDISE INVENTORY	-	-	-	1,205	-	1,205	1,205	-	1,205
FORECLOSED ASSETS, net	146	-	146	1,121	-	1,121	1,267	-	1,267
PROPERTY, FURNITURE AND EQUIPMENT, net	732	-	732	16,896	-	16,896	17,628	-	17,628
PERMANENT STOCK INVESTMENTS	70	-	70	13,395	2,556	15,951	16,021	(2,556)	13,465
DEFERRED TAXES, net	1,009	(1,006)	2,015	3,011	-	3,011	5,026	(28)	4,998
OTHER ASSETS									
Goodwill	-	-	-	12,630	10,289	22,919	22,919	-	22,919
Deferred charges, advance payments and intangibles	742	-	742	13,196	-	13,196	13,938	-	13,938
Other short-term and long-term assets	-	-	-	2,489	-	2,489	2,489	-	2,489
	742	-	742	28,315	10,289	38,604	39,346	-	39,346
TOTAL ASSETS	$208,876	$(12,707)	$196,169	$1,295,121	$12,845	$1,307,966	$1,504,135	$(2,584)	$1,501,551

LIABILITIES	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
DEPOSITS									
Demand deposits	$62,429	$-	$62,429	$375,201	$-	$375,201	$437,630	$-	$437,630
Time deposits									
General public	9,386	-	9,386	235,524	-	235,524	244,910	-	244,910
Money market	12,321	-	12,321	8,983	-	8,983	21,304	-	21,304
Senior debt issued	18,494	-	18,494	2,745	-	2,745	21,239	-	21,239
Global account of deposits without movements	-	-	-	1,523	-	1,523	1,523	-	1,523
	102,630	**-**	**102,630**	**623,976**	**-**	**623,976**	**726,606**	**-**	**726,606**
INTERBANK AND OTHER LOANS									
Demand loans	880	-	880	-	-	-	880	-	880
Short-term loans	3,930	-	3,930	15,104	-	15,104	19,034	-	19,034
Long-term loans	11,240	-	11,240	15,751	-	15,751	26,991	-	26,991
	16,050	**-**	**16,050**	**30,855**	**-**	**30,855**	**46,905**	**-**	**46,905**
TECHNICAL RESERVES	**959**	**-**	**959**	**103,550**	**-**	**103,550**	**104,509**	**-**	**104,509**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**63,950**	**-**	**63,950**	**299,573**	**-**	**299,573**	**363,523**	**-**	**363,523**
COLLATERAL SOLD OR PLEDGED									
Repurchase or resale agreements (creditor balance)	-	-	-	**54**	-	**54**	**54**	-	**54**
DERIVATIVES FINANCIAL INSTRUMENTS									
For trading purposes	146	-	146	17,958	-	17,958	18,104	-	18,104
For hedging purposes	-	-	-	7,104	-	7,104	7,104	-	7,104
	146	**-**	**146**	**25,062**	**-**	**25,062**	**25,208**	**-**	**25,208**
ACCOUNTS PAYABLE TO REINSURERS, net	**10**	**-**	**10**	**3,185**	**-**	**3,185**	**3,195**	**-**	**3,195**
OTHER ACCOUNTS PAYABLES									
Income tax	52	1,006	1,058	2,455	-	2,455	3,513	-	3,513
Employee profit sharing	72	-	72	320	-	320	392	-	392
Creditors from settlements of transactions	1,326	-	1,326	10,616	-	10,616	11,942	-	11,942
Creditors from collaterals received in cash	-	-	-	3,860	-	3,860	3,860	-	3,860
Sundry creditors and other payables	3,203	-	3,203	17,952	-	17,952	21,155	-	21,155
	4,653	**1,006**	**5,659**	**35,203**	**-**	**35,203**	**40,862**	**-**	**40,862**
SUBORDINATED DEBENTURES	3,565	-	3,565	**30,255**	-	**30,255**	33,820	-	33,820
DEFERRED TAXES, net	28	-	28	-	-	-	28	(28)	-
DEFERRED CREDITS AND ADVANCED COLLECTIONS	616	-	616	**418**	-	**418**	1,034	-	1,034
TOTAL LIABILITIES	**$192,607**	**$1,006**	**$193,613**	**$1,152,131**	**$-**	**$1,152,131**	**$1,345,744**	**$(28)**	**$1,345,716**

STOCKHOLDERS' EQUITY	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
PAID-IN CAPITAL									
Common stock	$2,345	$(2,345)	$-	$14,576	$384	$14,960	$14,960	$-	$14,960
Additional paid-in capital	1,869	(1,869)	-	35,780	12,461	48,241	48,241	-	48,241
	4,214	(4,214)	-	50,356	12,845	63,201	63,201	-	63,201
OTHER CAPITAL									
Capital reserves	801	(801)	-	5,095	-	5,095	5,095	-	5,095
Retained earnings from prior years	8,667	(8,698)	(31)	71,592	-	71,592	71,561	31	71,592
Result from valuation of securities available for sale	310	-	310	(2,428)	-	(2,428)	(2,118)	(310)	(2,428)
Result from valuation of instruments for cash flow hedging	-	-	-	(1,884)	-	(1,884)	(1,884)	-	(1,884)
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	65	-	65	65	-	65
Result from Conversions	4	-	4	1,613	-	1,613	1,617	(4)	1,613
Defined remedies for employees benefits	-	-	-	(741)	-	(741)	(741)	-	(741)
Net income	2,273	-	2,273	17,426	-	17,426	19,699	(2,273)	17,426
	12,055	(9,499)	2,556	90,738	-	90,738	93,294	(2,556)	90,738
MINORITY INTEREST	-	-	-	1,896	-	1,896	1,896	-	1,896
TOTAL STOCKHOLDERS' EQUITY	16,269	(13,713)	2,556	142,990	12,845	155,835	158,391	(2,556)	155,835
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$208,876	$(12,707)	$196,169	$1,295,121	$12,845	$1,307,966	$1,504,135	$(2,584)	$1,501,551
MEMORANDUM ACCOUNTS									
Operations on behalf of third parties									
Banks customers (current accounts)	$528	$-	$528	$79	$-	$79	$607	$-	$607
Settlement of customer transactions	209	-	209	48	-	48	257	-	257
Customer securities received in custody	66,594	-	66,594	678,718	-	678,718	745,312	-	745,312
Customer repurchase agreements	-	-	-	75,928	-	75,928	75,928	-	75,928
Securities loan transactions by client account	144	-	144	-	-	-	144	-	144
Collateral pledged on account of clients	906	-	906	75,949	-	75,949	76,855	-	76,855
Managed trusts	-	-	-	103,775	-	103,775	103,775	-	103,775
Investment banking transactions on account of third parties, (net)	-	-	-	85,844	-	85,844	85,844	-	85,844
Total operations on behalf of third parties	68,381	-	68,381	1,020,341	-	1,020,341	1,088,722	-	1,088,722
Proprietary transactions									
Credit commitments	2,219	-	2,219	$236,364	-	$236,364	238,583	-	238,583
Assets in trust or under mandate	192,605	-	192,605	283,559	-	283,559	476,164	-	476,164
Managed assets in custody	50,520	-	50,520	559,611	-	559,611	610,131	-	610,131
Collateral received	13,994	-	13,994	110,142	-	110,142	124,136	-	124,136
Collateral received and sold or given as a pledge	5,665	-	5,665	111,691	-	111,691	117,356	-	117,356
Deposits of assets	-	-	-	1,802	-	1,802	1,802	-	1,802
Contingent assets and liabilities	-	-	-	111	-	111	111	-	111
Interest accrued but not charged of past due loans	359	-	359	361	-	361	720	-	720
Total proprietary transactions	$265,362	$-	$265,362	$1,303,641	$-	$1,303,641	$1,569,003	$-	$1,569,003

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.
PROFORMA COMBINED INCOME STATEMENTS AND SUBSIDIARIES
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UNAUDITED)
(In millions of Mexican pesos)

	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Proforma Amounts
Interest income	$13,100	$-	$13,100	$80,929	$-	$80,929	$94,029
Premium revenue, net	40	-	40	19,447	-	19,447	19,487
Interest expense	(11,649)	-	(11,649)	(32,909)	-	(32,909)	(44,558)
Increase in technical reserves	(9)	-	(9)	(9,680)	-	(9,680)	(9,689)
Casualty rate, claims and other contractual obligations, net	(20)	-	(20)	(11,060)	-	(11,060)	(11,080)
NET INTEREST INCOME	**1,462**	-	**1,462**	**46,727**	-	**46,727**	**48,189**
Provisions for loan losses	-	-	-	(11,253)	-	(11,253)	(11,253)
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**1,462**	-	**1,462**	**35,474**	-	**35,474**	**36,936**
Commission and fee income	2,632	-	2,632	14,290	-	14,290	16,922
Commission and fee expense	(641)	-	(641)	(5,650)	-	(5,650)	(6,291)
Brokerage revenues	1,963	-	1,963	2,326	-	2,326	4,289
Other operating income (expenses)	(299)	-	(299)	2,092	-	2,092	1,793
Non-interest expense	(2,430)	-	(2,430)	(25,262)	-	(25,262)	(27,692)
OPERATING INCOME	**2,687**	-	**2,687**	**23,270**	-	**23,270**	**25,957**
Equity in earnings of unconsolidated subsidiaries and associated companies	2	-	2	889	-	889	891
INCOME BEFORE INCOME TAX	**2,689**	-	**2,689**	**24,159**	-	**24,159**	**26,848**
Current income tax	(616)	(1,006)	(1,622)	(6,269)	-	(6,269)	(7,981)
Deferred income taxes, net	200	1,006	1,206	(303)	-	(303)	(903)
	(416)	-	**(416)**	**(6,572)**	-	**(6,572)**	**(6,988)**
INCOME BEFORE DISCONTINUED OPERATIONS	**2,273**	-	**2,273**	**17,587**	-	**17,587**	**19,860**
Discontinued Operations	-	-	-	87	-	87	87
Minority Interest	-	-	-	(248)	-	(248)	(248)
NET INCOME	**$2,273**	**$-**	**$2,273**	**$17,426**	**$-**	**$17,426**	**$19,699**

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.
PROFORMA CONSOLIDATED BALANCE SHEETS AND SUBSIDIARIES
AS OF DECEMBER 31, 2016
(In millions of Mexican pesos)

ASSETS	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
CASH AND CASH EQUIVALENTS	$12,929	$(12,929)	$-	$65,886	$-	$65,886	$65,886	$-	$65,886
MARGIN SECURITIES	-	-	-	2,185	-	2,185	2,185	-	2,185
INVESTMENTS IN SECURITIES									
Trading securities	91,094	-	91,094	181,777	-	181,777	272,871	-	272,871
Securities available for sale	12,191	(784)	11,407	195,087	-	195,087	206,494	-	206,494
Securities held to maturity	2,113	-	2,113	81,920	-	81,920	84,033	-	84,033
	105,398	(784)	104,614	458,784	-	458,784	563,398	-	563,398
DEBTOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	57	-	57	-	-	-	57	-	57
DERIVATIVES FINANCIAL INSTRUMENTS									
For trading purposes	101	-	101	41,134	-	41,134	41,235	-	41,235
For hedging purposes	-	-	-	742	-	742	742	-	742
	101	-	101	41,876	-	41,876	41,977	-	41,977
VALUATION ADJUSTMENTS FOR ASSET HEDGING	-	-	-	114	-	114	114	-	114
PERFORMING LOAN PORTFOLIO									
Commercial loans									
Business loans	24,793	-	24,793	224,218	-	224,218	249,011	-	249,011
Financial institution's loans	487	-	487	4,650	-	4,650	5,137	-	5,137
Government loans	89,518	-	89,518	134,798	-	134,798	224,316	-	224,316
Consumer loans	21		21	88,332		88,332	88,353	-	88,353
Mortgage loans	158	-	158	114,807	-	114,807	114,965	-	114,965
TOTAL PERFORMING LOAN PORTFOLIO	114,977	-	114,977	566,805	-	566,805	681,782	-	681,782
PAST-DUE LOAN PORTFOLIO									
Commercial loans									
Business loans	50	-	50	5,672	-	5,672	5,722	-	5,722
Financial institutions' loans	-	-	-	344	-	344	344	-	344
Consumer loans	-	-	-	3,247	-	3,247	3,247	-	3,247
Mortgage loans	7	-	7	1,049	-	1,049	1,056	-	1,056
TOTAL PAST-DUE LOAN PORTFOLIO	57	-	57	10,312	-	10,312	10,369	-	10,369
LOAN PORTFOLIO	115,034	-	115,034	577,117	-	577,117	692,151	-	692,151
(Minus) Allowance for loan losses	(1,469)	-	(1,469)	(14,384)	-	(14,384)	(15,853)	-	(15,853)
LOAN PORTFOLIO, net	113,565	-	113,565	562,733	-	562,733	676,298	-	676,298
ACQUIRED COLLECTION RIGHTS	-	-	-	2,025	-	2,025	2,025	-	2,025
TOTAL LOAN PORTFOLIO, net	113,565	-	113,565	564,758	-	564,758	678,323	-	678,323
ACCOUNTS RECEIVABLE FROM INSURANCE AND ANNUITIES, net	3	-	3	1,908	-	1,908	1,911	-	1,911
PREMIUM RECEIVABLES, net	74	-	74	4,245	-	4,245	4,319	-	4,319
ACCOUNTS RECEIVABLE FROM REINSURANCE, net	1,063	-	1,063	7,166	-	7,166	8,229	-	8,229
RECEIVABLES GENERATED BY SECURITIZATIONS	-	-	-	155	-	155	155	-	155
OTHER ACCOUNTS RECEIVABLE, net	3,605	-	3,605	50,366	-	50,366	53,971	-	53,971
MERCHANDISE INVENTORY	-	-	-	438	-	438	438	-	438
FORECLOSED ASSETS, net	175	-	175	1,610	-	1,610	1,785	-	1,785
PROPERTY, FURNITURE AND EQUIPMENT, net	759	-	759	15,829	-	15,829	16,588	-	16,588
PERMANENT STOCK INVESTMENTS	61	-	61	13,764	1,962	15,726	15,787	(1,962)	13,825
LONG-TERM ASSETS AVAILABLE FOR SALE	-	-	-	5,299	-	5,299	5,299	-	5,299
DEFERRED TAXES, net	841	1,006	1,847	3,994	-	3,994	5,841	(16)	5,825
OTHER ASSETS									
Goodwill	-	-	-	12,679	10,883	23,562	23,562	-	23,562
Deferred charges, advance payments and intangibles	1,328	-	1,328	13,636	-	13,636	14,964	-	14,964
Other short-term and long-term assets	109	-	109	3,427	-	3,427	3,536	-	3,536
	1,437	-	1,437	29,742	10,883	40,625	42,062	-	42,062
TOTAL ASSETS	$240,068	$(12,707)	$227,361	$1,268,119	$12,845	$1,280,964	$1,508,325	$(1,978)	$1,506,347

LIABILITIES	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
DEPOSITS									
Demand deposits	$49,643	$-	$49,643	$381,203	$-	$381,203	$430,846	$-	$430,846
Time deposits									
General public	16,445	-	16,445	190,461	-	190,461	206,906	-	206,906
Money market	18,353	-	18,353	1,459	-	1,459	19,812	-	19,812
Senior debt issued	16,655	-	16,655	85	-	85	16,740	-	16,740
Global account of deposits without movements	-	-	-	1,352	-	1,352	1,352	-	1,352
	101,096	-	**101,096**	**574,560**	-	**574,560**	**675,656**	-	**675,656**
INTERBANK AND OTHER LOANS									
Demand loans	500	-	500	4,019	-	4,019	4,519	-	4,519
Short-term loans	7,199	-	7,199	17,155	-	17,155	24,354	-	24,354
Long-term loans	11,237	-	11,237	17,462	-	17,462	28,699	-	28,699
	18,936	-	**18,936**	**38,636**	-	**38,636**	**57,572**	-	**57,572**
TECHNICAL RESERVES	**1,495**	-	**1,495**	**90,369**	-	**90,369**	**91,864**	-	**91,864**
CREDITOR BALANCES UNDER REPURCHASE AND RESALE AGREEMENTS	**93,597**	-	**93,597**	**308,777**	-	**308,777**	**402,374**	-	**402,374**
COLLATERAL SOLD OR PLEDGED									
Repurchase or resale agreements (creditor balance)	**499**	-	**499**	-	-	-	**499**	-	**499**
DERIVATIVES FINANCIAL INSTRUMENTS									
For trading purposes	457	-	457	40,403	-	40,403	40,860	-	40,860
For hedging purposes	-	-	-	9,372	-	9,372	9,372	-	9,372
	457	-	**457**	**49,775**	-	**49,775**	**50,232**	-	**50,232**
ACCOUNTS PAYABLE TO REINSURERS, net	**211**	-	**211**	**1,747**	-	**1,747**	**1,958**	-	**1,958**
OTHER ACCOUNTS PAYABLES									
Income tax	47	1,006	1,053	3,114	-	3,114	4,167	-	4,167
Employee profit sharing	86	-	86	396	-	396	482	-	482
Creditors from settlements of transactions	701	-	701	7,348	-	7,348	8,049	-	8,049
Creditors from margin securities	435	-	435	-	-	-	435	-	435
Creditors from collaterals received in cash	-	-	-	10,326	-	10,326	10,326	-	10,326
Sundry creditors and other payables	2,374	-	2,374	18,037	-	18,037	20,411	-	20,411
	3,643	**1,006**	**4,649**	**39,221**	-	**39,221**	**43,870**	-	**43,870**
SUBORDINATED DEBENTURES	3,561	-	3,561	**21,917**	-	**21,917**	25,478	-	25,478
DEFERRED TAXES, net	16	-	16	-	-	-	16	(16)	-
DEFERRED CREDITS AND ADVANCED COLLECTIONS	882	-	882	**416**	-	**416**	1,298	-	1,298
TOTAL LIABILITIES	**$224,393**	**$1,006**	**$225,399**	**$1,125,418**	$-	**$1,125,418**	**$1,350,817**	**$(16)**	**$1,350,801**

STOCKHOLDERS' EQUITY	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Grand Total	Eliminations	Proforma Amounts
PAID-IN CAPITAL									
Common stock	$2,344	$(2,344)	$-	$14,574	$384	$14,958	$14,958	$-	$14,958
Additional paid-in capital	1,861	(1,861)	-	36,427	12,461	48,888	48,888	-	48,888
	4,205	**(4,205)**	**-**	**51,001**	**12,845**	**63,846**	**63,846**	**-**	**63,846**
OTHER CAPITAL									
Capital reserves	671	(671)	-	4,825	-	4,825	4,825	-	4,825
Retained earnings from prior years	7,922	(8,837)	(915)	68,492	-	68,492	67,577	915	68,492
Result from valuation of securities available for sale	276	-	276	(2,592)	-	(2,592)	(2,316)	(276)	(2,592)
Result from valuation of instruments for cash flow hedging	-	-	-	(2,089)	-	(2,089)	(2,089)	-	(2,089)
Result from valuation of reserve for unexpired risks variations in rates	-	-	-	87	-	87	87	-	87
Result from Conversions	5	-	5	2,084	-	2,084	2,089	(5)	2,084
Defined remedies for employees benefits	-	-	-	(370)	-	(370)	(370)	-	(370)
Net income	2,596	-	2,596	19,308	-	19,308	21,904	(2,596)	19,308
	11,470	**(9,508)**	**1,962**	**89,745**	**-**	**89,745**	**91,707**	**(1,962)**	**89,745**
MINORITY INTEREST	-	-	-	**1,955**	-	**1,955**	**1,955**	-	**1,955**
TOTAL STOCKHOLDERS' EQUITY	**15,675**	**(13,713)**	**1,962**	**142,701**	**12,845**	**155,546**	**157,508**	**(1,962)**	**155,546**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$240,068**	**$(12,707)**	**$227,361**	**$1,268,119**	**$12,845**	**$1,280,964**	**$1,508,325**	**$(1,978)**	**$1,506,347**
MEMORANDUM ACCOUNTS									
Operations on behalf of third parties									
Banks customers (current accounts)	$1,279	$-	$1,279	$118	$-	$118	$1,397	$-	$1,397
Settlement of customer transactions	(421)	-	(421)	(3)	-	(3)	(424)	-	(424)
Customer securities received in custody	71,675	-	71,675	609,288	-	609,288	680,963	-	680,963
Customer repurchase agreements	-	-	-	77,781	-	77,781	77,781	-	77,781
Securities loan transactions by client account	40	-	40	-	-	-	40	-	40
Collateral pledged on account of clients	492	-	492	77,746	-	77,746	78,238	-	78,238
Managed trusts	-	-	-	90,205	-	90,205	90,205	-	90,205
Investment banking transactions on account of third parties, (net)	-	-	-	93,307	-	93,307	93,307	-	93,307
Total operations on behalf of third parties	**73,065**	**-**	**73,065**	**948,441**	**-**	**948,441**	**1,021,505**	**-**	**1,021,505**
Proprietary transactions									
Credit commitments	1,335	-	1,335	$324,528	-	$324,528	325,863	-	325,863
Assets in trust or under mandate	78,568	-	78,568	292,174	-	292,174	370,742	-	370,742
Managed assets in custody	40,354	-	40,354	446,626	-	446,626	486,980	-	486,980
Collateral received	12,511	-	12,511	89,288	-	89,288	101,799	-	101,799
Collateral received and sold or given as a pledge	5,127	-	5,127	101,473	-	101,473	106,600	-	106,600
Deposits of assets	-	-	-	2,550	-	2,550	2,550	-	2,550
Contingent assets and liabilities	-	-	-	45	-	45	45	-	45
Interest accrued but not charged of past due loans	311	-	311	439	-	439	750	-	750
Total proprietary transactions	**$138,206**	**$-**	**$138,206**	**$1,257,123**	**$-**	**$1,257,123**	**$1,395,329**	**$-**	**$1,395,329**

GRUPO FINANCIERO BANORTE, S.A.B. DE C.V.
PROFORMA COMBINED INCOME STATEMENTS AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2016
(In millions of Mexican pesos)

	GF Interacciones	Proforma Adjustments	GF Interacciones Proforma	GF Banorte	Proforma Adjustments	GF Banorte Proforma	Proforma Amounts
Interest income	$12,309	$-	$12,309	$80,264	$-	$80,264	$92,573
Premium revenue, net	$183	-	$183	$21,307	-	$21,307	$21,490
Interest expense	(9,118)	-	(9,118)	(27,383)	-	(27,383)	(36,501)
Increase in technical reserves	90	-	90	(8,477)	-	(8,477)	(8,387)
Casualty rate, claims and other contractual obligations, net	(120)	-	(120)	(12,654)	-	(12,654)	(12,774)
NET INTEREST INCOME	**3,344**	**-**	**3,344**	**53,057**	**-**	**53,057**	**56,401**
Provisions for loan losses	**(1,125)**	-	**(1,125)**	**(13,313)**	-	**(13,313)**	**(14,438)**
NET INTEREST INCOME AFTER ALLOWANCE FOR LOAN LOSSES	**2,219**	**-**	**2,219**	**39,744**	**-**	**39,744**	**41,963**
Commission and fee income	4,662	-	4,662	16,683	-	16,683	21,345
Commission and fee expense	(1,452)	-	(1,452)	(6,056)	-	(6,056)	(7,508)
Brokerage revenues	(7)	-	(7)	2,346	-	2,346	2,339
Other operating income (expenses)	745	-	745	3,491	-	3,491	4,236
Non-interest expense	(2,868)	-	(2,868)	(31,243)	-	(31,243)	(34,111)
OPERATING INCOME	**3,299**	**-**	**3,299**	**24,965**	**-**	**24,965**	**28,264**
Equity in earnings of unconsolidated subsidiaries and associated companies	5	-	5	1,246	-	1,246	1,251
INCOME BEFORE INCOME TAX	**3,304**	**-**	**3,304**	**26,211**	**-**	**26,211**	**29,515**
Current income tax	(661)	(1,006)	(1,667)	(7,056)	-	(7,056)	(8,723)
Deferred income taxes, net	(47)	1,006	959	178	-	178	1,137
	(708)	-	(708)	(6,878)	-	(6,878)	(7,586)
INCOME BEFORE DISCONTINUED OPERATIONS	**2,596**	**-**	**2,596**	**19,333**	**-**	**19,333**	**21,929**
Discontinued Operations	-	-	-	243	-	243	243
Minority Interest	-	-	-	(268)	-	(268)	(268)
NET INCOME	**$2,596**	**$-**	**$2,596**	**$19,308**	**$-**	**$19,308**	**$21,904**

1 – DESCRIPTION OF THE OPERATION AND ITS ACCOUNTING TREATMENT

During the month of October, 2017, Grupo Financiero Banorte, S.A.B de C.V. (GF Banorte) and Grupo Financiero Interacciones, S.A.B. of C.V. (GF Interacciones) signed a binding merger agreement, according to which GF Banorte will acquire all GF Interacciones through a share exchange transaction valued at that date at $ 12,845. As a result of this transaction, GF Banorte will issue 109,727,031 new shares and exchange them with a change factor of 0.4065 shares of GF Banorte for each share of GF Interacciones. In addition to the shares of GF Banorte, the shareholders of GF Interacciones will receive a cash payment of $13,713 from a combination of dividend payments and a reduction of their own capital. GF Interacciones operations will be integrated into GF Banorte as a merging company.

The transaction will be recorded based on the Mexican Financial Reporting Standard B-7 ("NIF B-7") "Business acquisitions", whereby it is considered that a business acquisitions is the transaction by which an entity acquires, directly or indirectly, the net assets of one or more business and thereby gains control. Includes all mergers between independent entities and is equally applicable to acquisition that are paid through the issuance of equity instruments.

The merger between GF Banorte and GF Interacciones is considered one of the forms of acquisition covered by the NIF B-7, whereas before the merger those companies were not under common control.

The accounting treatment of this transaction will be conducted applying the purchase method ("Método de compra") established in the NIF B-7, which requires:

a) Determination that a business is being acquired a business, i.e. if the acquired business aside from having assets, has activities coordinated by an administration which applied to such assets generates a product or service.

b) Identification of the acquirer: In any business acquisition, the acquiring entity must be identified. The acquiring entity is the one that obtains control of the acquired business. Sometimes it may not be clear at first who the acquiring entity is. Usually the entity that makes the payment either by a cash consideration, incurring liabilities or is issuing equity, as is the case of GF Banorte.

c) Determination of the acquisition date, the acquisition or purchase date is the date on which the control of the acquired business is transferred to the acquiring entity without any restrictions, except for those established to protect the shareholders or other owners of the acquired business.

d) Initial value recognition of identifiable assets and assumed liabilities of the acquired business. Identifiable assets and liabilities that have to be recognized are those that have asset and liability like characteristics, in accordance to the definitions contained in the NIFs.

e) Measurement of the total transaction consideration: The total value of the consideration received by the previous owners of the acquired business is comprised of the sum of net assets transferred, liabilities assumed by and equity issued by the acquirer to the selling shareholders in relation to the acquisition, all measured at fair value.

f) Recognition of acquired goodwill. Goodwill must be recognized by the acquirer, when the sum of the consideration paid in relation to the acquisition and the non-controlling stake, both valued at fair value, is higher than the net assets of the acquired business valued in accordance with NIF B-7.

Ledger accounts that will be affected in the accounting of the operation are:

a) Goodwill, the recognition of the excess consideration paid over the fair value of net assets acquired. For purposes of the proforma financial statements GF Banorte's management is assuming that the net assets acquired from GF Interacciones are presented at fair value.

b) Common stock, by the issuance of equity as consideration to be paid in the transaction.

c) Additional paid-in capital, for the issuance of equity as consideration payable in the transaction.

d) Where appropriate, asset accounts for the assets identified in the registry application of the purchase method.

e) Where appropriate, liability accounts for the liabilities assumed in the implementation process of the purchase method.

2 – ASSUMPTIONS USED FOR THE PREPARATION OF PROFORMA FINANCIAL INFORMATION

For the preparation of the proforma financial statements of the new merged Financial Group, the consolidated financial statements as of September 30, 2017 and December 31, 2016 of the controllers, GF Banorte and GF Interacciones, were used as the basis for the consolidation.

GF Interacciones proforma adjustments:

1. The first step will be to obtain sufficient cash flows through the sale of Investments in securities available for sale, and thereby be able to comply with what is indicated in the next step.

2. The second step will be to make in GF Interacciones the payment to shareholders of $13,713 through a combination of dividend payment and capital reduction.

3. The third step will be that derived from the previous point, an Income Tax (ISR) will be charged to GF Interacciones for $1,006, which will be recorded against the results for the year. At the same time and because it is a creditable tax against ISR generated by GF Interacciones or GF Banorte in the future after the merger, a deferred ISR will be recorded in favor of the same amount in results.

GF Banorte proforma adjustments:

1. The first step, will be the issuance of 109,727,031 new shares of GF Banorte to be delivered to the shareholders of GF Interacciones, as compensation for the shares of GF Interacciones and thereby recognize the acquisition of 100% of the shares of GF Interacciones by GF Banorte in accordance with NIF B-7 "Business acquisitions", considering as a basis for recording the acquisition the closing price of the GF Banorte share as of October 24, 2017.

   For purposes of the proforma adjustment related to the acquisition of GF Interacciones by GF Banorte, the goodwill shown in the consolidated proforma balance sheet as of September 30, 2017 and December 31, 2016, respectively, could be modified and if appropriate, assign an intangible asset once the transaction is completed and determine the fair values of the assets and liabilities of the acquired entity, in this case, GF Interacciones.

Consolidation of the proforma balance sheet of GF Banorte and GF Interacciones:

1. The first step was the sum of the consolidated proforma balance sheets of both controllers.

2. In the second step, we proceeded to eliminate the investment recognized in step one against the equity of GF Interacciones.

3. Finally, where appropriate, balances and transactions between individual companies were eliminated as of the date of the merged consolidated proforma financial statements.

Combination of the proforma income statement of GF Banorte and GF Interacciones:

1. The first step was the sum of the consolidated proforma income statements of both controllers.

2. In the case of the combined proforma income statement of GF Banorte and GF Interacciones, these are presented combined for the nine-month period ended September 30, 2017 and December 31, 2016, as if they had occurred at the beginning of these periods. Given that the results of GF Interacciones will be included in the results of GF Banorte once this acquisition is made, the combined net result shown in this statement in the column of proforma amounts, does not coincide with the net result shown in the column of proforma amounts of the consolidated proforma balance sheet, for the aforementioned periods.

* * * * *

Exhibit B –BofA Merrill Lynch's Financial Opinion

Bank of America Merrill Lynch

CONFIDENTIAL

The Board of Directors
Grupo Financiero Banorte, S.A.B. de C.V.
Prolongación Paseo de la Reforma 1240-15th Floor
Colonia Santa Fe Cruz Manca
05349 Cuajimalpa
Mexico City, Mexico

Members of the Board of Directors:

We understand that Grupo Financiero Banorte, S.A.B. de C.V. ("Banorte") proposes to enter into a Master Agreement (*Convenio Marco*), dated as of October 25, 2017 (the "Agreement"), among Banorte, Grupo Financiero Interacciones, S.A.B. de C.V. ("Interacciones") and the controlling shareholders of Interacciones, pursuant to which, among other things, Interacciones will merge, under applicable Mexican law, with and into Banorte (the "Transaction") and each outstanding share of the common stock of Interacciones ("Interacciones Common Stock") will give shareholders of Interacciones, subject to adjustment in certain circumstances, the right to receive 0.4065 (the "Exchange Ratio") of a share of the common stock of Banorte ("Banorte Common Stock"). In addition, pursuant to the Agreement, Interacciones has the right to declare and pay, immediately prior to the closing of the Transaction, a dividend, in an amount of Ps. 50.80 per share of Interacciones Common Stock (the "Dividend") to the holders of record of the issued and outstanding shares of Interacciones Common Stock as of the applicable record date. The terms and conditions of the Transaction are more fully set forth in the Agreement.

You have requested our opinion as to the fairness, from a financial point of view, to Banorte of the Exchange Ratio provided for in the Transaction.

In connection with this opinion, we have, among other things:

(*) reviewed certain publicly available business and financial information relating to Interacciones and Banorte;

(*) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Interacciones furnished to or discussed with us by the management of Interacciones, including certain financial forecasts relating to Interacciones prepared by or at the direction of and approved by the management of Interacciones (such forecasts, the "Interacciones Forecasts");

(*) reviewed certain financial forecasts relating to Interacciones prepared by the management of Banorte (the "Banorte-Interacciones Forecasts") and discussed with the management of Banorte its assessments as to the relative likelihood of achieving the future financial results reflected in the Interacciones Forecasts and the Banorte-Interacciones Forecasts;

(*) reviewed certain internal financial and operating information with respect to the business, operations and prospects of Banorte furnished to or discussed with us by the management of Banorte, including certain financial forecasts relating to Banorte prepared by the management of Banorte (such forecasts, the "Banorte Forecasts");

(*) reviewed certain estimates as to the amount and timing of cost savings and revenue enhancements (collectively, the "Synergies") anticipated by the management of Banorte to result from the Transaction;

(*) discussed the past and current business, operations, financial condition and prospects of Interacciones with members of senior managements of Interacciones and Banorte, and discussed the past and current business, operations, financial condition and prospects of Banorte with members of senior management of Banorte;

(*) reviewed the potential pro forma financial impact of the Transaction on the future financial performance of Banorte, including the potential effect on Banorte's estimated earnings per share;

(*) reviewed the trading histories for Interacciones Common Stock and Banorte Common Stock and a comparison of such trading histories with each other and with the trading histories of other companies we deemed relevant;

(*) compared certain financial and stock market information of Interacciones and Banorte with similar information of other companies we deemed relevant;

(*) compared certain financial terms of the Transaction to financial terms, to the extent publicly available, of other transactions we deemed relevant;

(*) reviewed the relative financial contributions of Interacciones and Banorte to the future financial performance of the combined company on a pro forma basis;

(*) reviewed the Agreement; and

(*) performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the managements of Banorte and Interacciones that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the Interacciones Forecasts, we have been advised by Interacciones, and have assumed, with the consent of Banorte, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Interacciones as to the future financial performance of Interacciones. With respect to the Banorte-Interacciones Forecasts, the Banorte Forecasts and the Synergies, we have assumed, at the direction of Banorte, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of Banorte as to the future financial performance of Interacciones and Banorte and the other matters covered thereby and, based on the assessments of the management of Banorte as to the relative likelihood of achieving the future financial results reflected in the Interacciones Forecasts and the Banorte-Interacciones Forecasts, we have relied, at the direction of Banorte, on the Banorte-Interacciones Forecasts for purposes of our opinion. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Interacciones or Banorte, nor have we made any physical inspection of the properties or assets of Interacciones or Banorte. We have not evaluated the solvency or fair value of Interacciones or Banorte under any state, federal or other laws relating to bankruptcy, insolvency or similar matters. We have assumed, at the direction of Banorte, that the Transaction will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Transaction, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on Interacciones, Banorte, the Transaction, the contemplated benefits of the Transaction or on the Exchange Ratio and the timing and payment thereof. In addition, we have assumed that the Transaction will be treated as a tax-free transaction, pursuant to the tax laws of Mexico, that any underlying merger agreement and any shareholders' resolutions of each of Banorte and Interacciones will not modify, in any manner, the terms of the Agreement and that the Dividend will be paid prior to the closing of the Transaction to the holders of record of the issued and outstanding Interacciones Common Stock as of the applicable record date.

We express no view or opinion as to any terms or other aspects of the Transaction (other than the Exchange Ratio to the extent expressly specified herein), including, without limitation, the form or structure of the Transaction or the terms of the Agreement. Our opinion is limited to the fairness, from a financial point of view, to Banorte of the Exchange Ratio provided for in the Transaction and no opinion or view is expressed with respect to any consideration received in connection with the Transaction by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation to any of the officers, directors or employees of any party to the Transaction, or class of such persons, relative to the Exchange Ratio. Furthermore, no opinion or view is expressed as to the relative merits of the Transaction in comparison to other strategies or transactions that might be available to Banorte or in which Banorte might engage or as to the underlying business decision of Banorte to proceed with or effect the Transaction. We are not expressing any opinion as to what the value of Banorte Common Stock actually will be when issued or the prices at which Banorte Common Stock or Interacciones Common Stock will trade at any time, including following announcement or consummation of the Transaction. In addition, we express no opinion or recommendation as to how any stockholder should vote or act in connection with the Transaction or any related matter.

We have acted as financial advisor to the Board of Directors of Banorte in connection with the Transaction, have received a retainer fee in connection with certain preliminary analysis provided to the Board of Directors and will receive future fees for our services, a portion of which is payable upon the rendering of this opinion and a significant portion of which is contingent upon consummation of the Transaction, all of which has been or will be paid by Banorte. In addition, Banorte has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of Banorte, Interacciones and certain of their respective affiliates.

We and our affiliates in the past have provided, currently are providing, and in the future may provide, investment banking, commercial banking and other financial services to Banorte or its affiliates and have received or in the future may receive compensation for the rendering of these services, including (i) having acted or acting as a lender under certain term loans, letters of credit and other credit facilities of Banorte or its affiliates (ii) having acted as a joint bookrunner and initial purchaser for debt offerings of certain of Banorte's affiliates, (iii) having provided or providing certain treasury services and products to Banorte, and (iv) having provided or providing certain derivatives and foreign exchange trading services to Banorte and its affiliates.

In addition, we and our affiliates in the past have provided, currently are providing, and in the future may provide, other financial services to Interacciones and have received or in the future may receive compensation for the rendering of these services, including having provided or providing certain treasury services and products to Interacciones and its affiliates.

It is understood that this letter is for the benefit and use of the Board of Directors of Banorte (in its capacity as such) in connection with and for purposes of its evaluation of the Transaction This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. As you are aware, the credit, financial and stock markets have been experiencing unusual volatility and we express no opinion or view as to any potential effects of such volatility on Banorte, Interacciones or the Transaction. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our Americas Fairness Opinion Review Committee.

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Exchange Ratio provided for in the Transaction is fair, from a financial point of view, to Banorte.

Very truly yours,

Merrill Lynch, Pierce, Fenner & Smith

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

Exhibit C –Morgan Stanley's Financial Opinion

1585 Broadway
New York, NY 10036

Morgan Stanley

October 25, 2017

Board of Directors
Grupo Financiero Banorte, S.A.B. de C.V
Prolongación Paseo de la Reforma 1230
Colonia Santa Fe Cruz Manca
05349 Mexico City, Mexico

Members of the Board of Directors:

We understand that Grupo Financiero Interacciones, S.A.B. de C.V. ("**Interacciones**" or the "**Company**") and Grupo Financiero Banorte, S.A.B. de C.V ("**Banorte**") propose to enter into a Master Agreement (*Convenio Marco*), substantially in the form of the draft dated October 25th, 2017 (the "**Master Agreement**"), among Banorte, Interacciones and the controlling shareholders of Interacciones, which provides, among other things, that Interacciones will merge, under applicable Mexican law, with and into Banorte (the "**Merger**"). In addition, pursuant to the Master Agreement, Interacciones has the right to declare and pay, immediately prior to the closing of the Merger, a dividend, in an amount of up to Ps. 50.8 per share of Interacciones' common stock ("**Interacciones Common Stock**" and such dividend, the "**Special Distribution**"), to the holders of record of the issued and outstanding shares of Interacciones Common Stock as of the applicable record date. Pursuant to the Merger, each outstanding share of Interacciones Common Stock will give shareholders of Interacciones the right to receive 0.4065 shares of common stock of Banorte ("**Banorte Common Stock**"), subject to adjustment in certain circumstances (the "**Consideration**"). The terms and conditions of the Merger are more fully set forth in the Master Agreement.

You have asked for our opinion as to whether the Consideration to be paid by Banorte pursuant to the Master Agreement, as a result of the Merger, is fair from a financial point of view to Banorte.

For purposes of the opinion set forth herein, we have:

1) Reviewed certain publicly available financial statements and other business and financial information of Interacciones and Banorte, respectively;

2) Reviewed certain internal financial statements and other financial and operating data concerning Interacciones and Banorte, respectively;

3) Reviewed certain financial projections prepared by the managements of Interacciones and Banorte, respectively;

4) Reviewed information relating to certain strategic, financial and operational benefits anticipated from the Merger, prepared by the management of Banorte;

5) Discussed the past and current operations and financial condition and the prospects of Interacciones, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, with senior executives of Interacciones;

6) Discussed the past and current operations and financial condition and the prospects of Banorte, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, with senior executives of Banorte;

7) Reviewed the pro forma impact of the Merger on Banorte's earnings per share, cash flow, consolidated capitalization and certain financial ratios;

8) Reviewed the reported prices and trading activity for Interacciones Common Stock and Banorte Common Stock;

9) Compared the financial performance of Interacciones and Banorte and the prices and trading activity of Interacciones Common Stock and Banorte Common Stock with that of certain other publicly-traded companies comparable with Interacciones and Banorte, respectively, and their securities;

10) Reviewed the financial terms, to the extent publicly available, of certain comparable transactions;

11) Participated in certain discussions and negotiations among representatives of Interacciones and Banorte and their financial and legal advisors;

12) Reviewed the draft of the Master Agreement dated 24 October 2017 and certain related documents; and

13) Performed such other analyses and considered such other factors as we have deemed appropriate.

We have assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by Interacciones and Banorte, and formed a substantial basis for this opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Banorte of the future financial performance of Interacciones and Banorte. In addition, we have assumed that the Merger will be consummated in accordance with the terms set forth in the Master Agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the Merger will be treated as a tax-free transaction, pursuant to the tax laws of Mexico, that any underlying merger agreement and any shareholders' resolutions of each of Interacciones and Banorte will not modify, in any manner, the terms of the Master Agreement, that the Special Distribution will be paid in full immediately prior to the consummation of the Merger to the holders of record of the issued and outstanding shares of Interacciones Common Stock as of the applicable record date, and that the definitive Master Agreement will not differ in any material respect from the draft thereof furnished to us. Morgan Stanley has assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Merger, no delays, limitations, conditions, amendments or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Merger or on the Consideration and the timing and payment thereof.

We are not legal, tax, or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of Banorte and its legal, tax, and regulatory advisors with respect to legal, tax, and regulatory matters, including necessary approvals and the expected terms thereof. We express no opinion with respect to the fairness of the amount or nature of the compensation to any of Interacciones' officers, directors or employees, or any class of such persons, relative to the Consideration to be paid to the holders of shares of Interacciones Common Stock in the transaction. We have not made any independent valuation or appraisal of the assets or liabilities of Interacciones or Banorte, nor have we been furnished with any such valuations or appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

We have acted as financial advisor to the Board of Directors of Banorte in connection with this transaction and will receive a fee for our services, to be paid by Banorte, a significant portion of which is contingent upon the closing of the Merger. In the two years prior to the date hereof, we have provided financial advisory and financing services for

Banorte and have received fees in connection with such services. Morgan Stanley may also seek to provide financial advisory and financing services to Banorte and its affiliates in the future and would expect to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Banorte, Interacciones, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Board of Directors of Banorte and may not be used for any other purpose or disclosed without our prior written consent, except that (i) a copy of this opinion may be included, in its entirety, in any filing Banorte is required to make with the *Comisión Nacional Bancaria y de Valores* (the "**CNBV**") in connection with the Merger, if such inclusion is required by applicable law or requested by the CNBV, and (ii) a copy of this opinion may be included as part of the *folleto informativo* that is disclosed to Banorte's shareholders in connection with their consideration of the Merger, provided that (a) such disclosure is made for informational purposes only, without the right to rely on this opinion, and (b) text to the effect of such non-reliance is set forth in the *folleto informativo*. For purposes of inclusion in the *folleto informativo*, this opinion may be translated into Spanish and furnished together with the English text hereof; for any and all purposes, the English text of this opinion shall be deemed to prevail over the Spanish translation of this opinion (for which we assume no responsibility). Our opinion does not address the relative merits of the Merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. In addition, this opinion does not in any manner address the prices at which Banorte Common Stock will trade following consummation of the Merger or at any time and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of Banorte and Interacciones should vote at the shareholders' meetings to be held in connection with the Merger.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Consideration to be paid by Banorte pursuant to the Master Agreement, as a result of the Merger, is fair from a financial point of view to Banorte.

Very truly yours,

MORGAN STANLEY & CO. LLC

By: ______________________

James D. Allen
Managing Director

Exhibit D – FTI Fairness Opinion

FTI CAPITAL ADVISORS
FTI Capital Advisors, LLC is a member of FINRA/SIPC.

October 18, 2017

Audit and Corporate Practices Committee of the Board of Directors
Grupo Financiero Banorte, S.A.B. de C.V.
Edificio Santa Fe
Prolongación Paseo de la Reforma 1230
Col. Cruz Manca Santa Fe, C.P. 05349

Ladies and Gentlemen:

We understand that Grupo Financiero Banorte, S.A.B. de C.V. (the "Company") intends to enter into a transaction with Grupo Financiero Interacciones, S.A.B. de C.V. ("Interacciones") pursuant to which (i) Interacciones will merge with and into the Company, with the corporate existence of Interacciones terminating and the Company being the surviving corporation, and (ii) at the effective time of the merger, all of the shares of Interacciones common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive, in the aggregate, in accordance with that letter of Intent by and among the Company and Interacciones, dated as of October 16, 2017 (the "LOI"), (i) a number of fully paid and non-assessable shares of Company common stock equal to 109,727,031 and (ii) MXN$13,712,587,103.60 in cash (the "Merger Consideration"). The terms and conditions of the merger will be set forth in more detail in the final agreement described in the LOI. The summary of the merger and the other transactions contemplated by the LOI set forth above is qualified in its entirety by the LOI.

We have been requested by the Audit and Corporate Practices Committee of the Board of Directors of the Company to render our opinion to it as to whether the aggregate Merger Consideration as described in the LOI to be paid by the Company in the merger is fair, from a financial point of view, to the Company.

In arriving at our opinion we reviewed and analyzed, among other things:

(i) the LOI including the terms and conditions attached thereto with the specific terms of the merger and the other transactions to be contemplated by the final agreement;

(ii) recent historical financial information of the Company and Interacciones, including (i) the Company's and Interacciones' Annual Reports for the fiscal years ended December 31, 2013 through December 31, 2016 (which included audited financial statements), as well as the Company's and Interacciones' Quarterly Reports for the quarter ended June 30, 2017 (which included unaudited financial statements) ;

(iii) certain internal financial analyses and forecasts for Interacciones prepared by management of Interacciones, approved for our use by the Company, and certain internal financial analyses and forecasts for the Company and Interacciones prepared by management of the Company, in each case approved for our use by the Company (the "Forecasts");

(iv) cost savings projected by the Company to result from the merger and the other transactions contemplated by the LOI;

(v) the trading history of the Company's and Interacciones' common stock from October 15, 2015 to October 15, 2017 and a comparison of that trading history with those of other companies that we deemed relevant;

(vi) a comparison of the financial terms of the merger and the other transactions contemplated by the LOI with the financial terms of certain other transactions that we deemed relevant;

(vii) a comparison of the historical financial results and present financial condition of the Company with those of other companies that we deemed relevant; and

(viii) published estimates of independent research analysts with respect to the future financial performance and price targets for the Company and Interacciones.

In addition, we have had discussions with the management of the Company concerning its and the surviving company's business, operations, assets, liabilities, financial condition and prospects and undertaken such other studies, financial analyses and investigations as we deemed appropriate.

In arriving at our opinion, we have relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information and data furnished to or disclosed to us by the Company or that were reviewed by us, and we have not assumed and we do not assume any responsibility or liability for independently verifying such information. We have further relied upon the assurances of the management of the Company that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. We have assumed, with your consent, that the Forecasts have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of the Company. Our opinion is based on the Forecasts provided to us by the Company. We assume no responsibility for, and we express no view as to, any such Forecasts or estimates or the assumptions on which they are based. In arriving at our opinion, we have not conducted a physical inspection of the properties and facilities of the Company, Interacciones or any of their respective subsidiaries and have not made or obtained any valuations or appraisals of the assets or liabilities of the Company, Interacciones or any of their respective subsidiaries. Our opinion necessarily is based upon market, economic and other conditions as they exist on, and can be evaluated as of, the date of this letter. We assume no responsibility for updating or revising our opinion based on events or circumstances that may occur after the date of this opinion. Furthermore, we have not evaluated, and are not opining on, the solvency of the Company and its subsidiaries, Interacciones and its subsidiaries or the surviving company, under any laws relating to bankruptcy, insolvency or similar matters.

We have assumed that the proposed merger will be consummated on the terms reflected in the LOI, that the Merger Consideration paid to the stockholders of Interacciones will be as set forth in the LOI and that none of the other terms contained in the final agreement or other definitive transaction documents will differ materially from the terms summarized in the LOI or impair or detract from the value of the Merger Consideration paid to such stockholders. We have also assumed that all material governmental, regulatory and third party approvals, consents and authorizations and releases necessary for the consummation of the merger and the other transactions contemplated by the LOI will be obtained prior to completion of the various parts of the merger and the other transactions to be documented in the final agreement. We do not express any opinion as to legal, regulatory, tax or accounting matters, as to which we understand the Company has obtained such advice as it deemed necessary from qualified professionals.

We express no view as to, and our opinion does not address, any terms or other aspects or implications of the merger or the other transactions contemplated by the LOI (other than the fairness of the Merger Consideration from a financial point of view to be paid by the Company in the merger to the extent expressly provided herein) or any aspect or implication of any other agreement, arrangement or understanding entered to be into in connection with the merger or the other transactions contemplated by the LOI, including, without limitation, the fairness of the amount or nature of the compensation resulting from the merger or the other transactions contemplated by the LOI to any officers, directors or employees of the Company, or any class of such persons. In addition, we express no view as to, and our opinion does not address, the future price or trading range of any equity interests in the Company or the surviving company, the underlying business decision of the Company to proceed with or effect the merger or the other transactions contemplated by the LOI nor does our opinion address the relative merits of the merger or the other transactions contemplated by the LOI as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company may engage.

Based upon and subject to the foregoing, we are of the opinion that the aggregate Merger Consideration as described in the LOI to be paid to the stockholders of Interacciones in the merger is fair, from a financial point of view, to the Company and to the holders of the common stock of the Company (other than the Company and its affiliates). Our opinion is based on the terms described in the LOI. We have not been provided, and have not reviewed, the final agreement or any of the other definitive transaction documents to be entered into in connection with the proposed transaction and express no opinion on such documents.

We will receive a fee for our services in connection with this opinion, a portion of which is payable upon rendering this opinion. The Company has agreed to reimburse our expenses and indemnify us for certain liabilities that may arise out of our engagements. FTICA is a wholly-owned subsidiary of FTI Consulting, Inc. ("FTI"). FTI has provided various services to the Company and its affiliates in the past, and we expect to perform such services to the Company in the future, and have received, and expect to receive, customary fees for such services. Specifically, in the past two years, we have performed forensic accounting services for the Company. Neither FTI nor FTICA has provided any services to Interacciones in connection with the merger or the transactions contemplated by the LOI.

FTI, its subsidiaries and its affiliates engage in a wide range of businesses from investment banking, asset management and other financial and non-financial advisory services. In the ordinary course of our business, we and our affiliates may actively advise our customers with respect to trades or other transactions in equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of the Company and Interacciones and certain of its affiliates for the accounts of our customers.

This opinion, the issuance of which has been approved by our Fairness Committee, is for the use and benefit of the Audit and Corporate Practices Committee of the Board of Directors of the Company and is rendered to such Committee in connection with its consideration of the merger and the other transactions contemplated by the LOI. This opinion is not intended to be and does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote with respect to the merger and the other transactions contemplated by the LOI.

Very truly yours,

FTI Capital Advisors, LLC

FTI Capital Advisors, LLC