



### Grupo Financiero Banorte's Vision

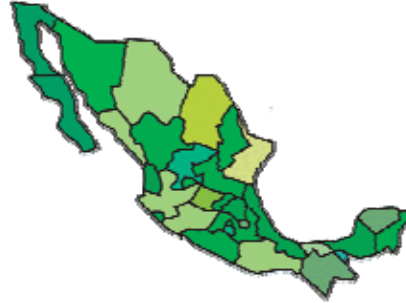
- To be a **bi-national** financial group offering integrated financial products and services to a diverse group of customer segments.
- To be a **bi-currency** financial group which offers a wide range of products and services in U.S. Dollars and Mexican Pesos.



## **Bi-currency: Statistics**

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- The Mexican banking system has approximately **\$14 billion in U.S. dollar deposits** within the country.
- It is estimated that Mexican Nationals have approximately **\$35 billion dollars in deposits** in bank accounts and investments abroad.



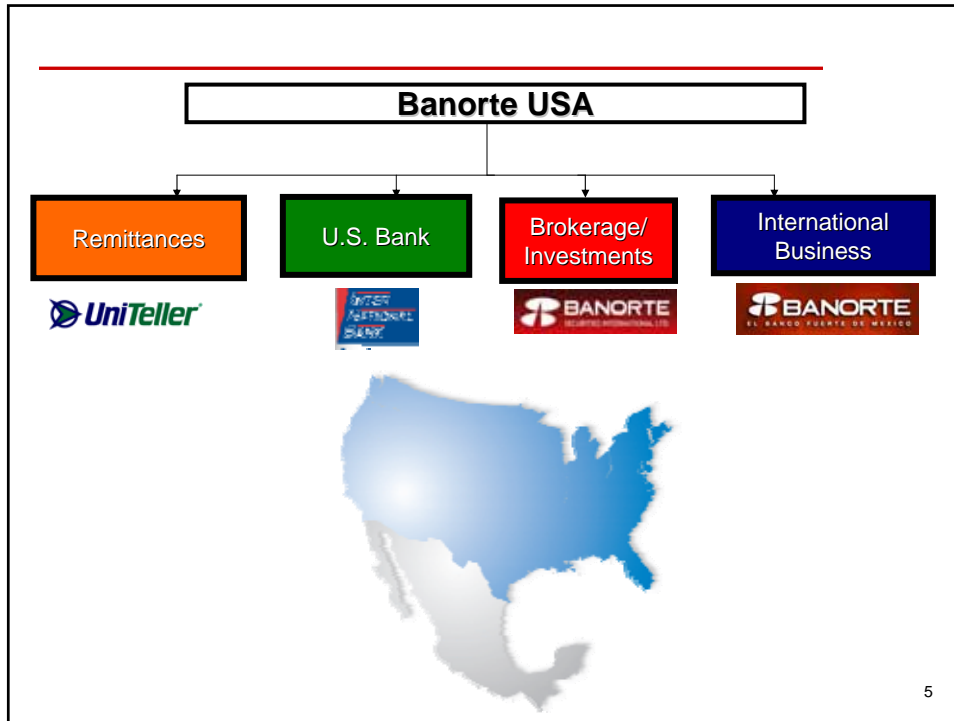
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## **Banorte's U.S. Expansion Strategy**

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- **Banorte has a Three-Pronged Strategy for U.S. Expansion:**
  - **Private Banking / Wealth Management (Brokerage Services)**: Provide Mexican Nationals and U.S. Citizens dollar-denominated financial investment products (Banorte Securities International, Ltd.).
  - **Commercial/Retail Banking**: Provide financial products and services to facilitate cross-border transactions for businesses and individuals.
  - **Remittance Market**: Provide an integrated approach to remittances to the non/under-banked immigrant population living in the U.S.

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### Strategic Reasons for Entering the U.S. Market

- **Attractive local banking market**
  - High growth rates
- **Cross border business**
  - Foreign trade products and services
  - Bi-national products to individuals
- **Family remittances**
  - Improve our position in the industry
- **Private banking market (México-U.S.)**
- **Synergies**
  - Across all market segments (Banorte México, Banorte US Bank, Banorte Securities, and Remittance Money Transmitter)
- **Geographical diversification of income for Grupo Financiero Banorte**

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## Private Banking/Wealth Management

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● **Banorte Securities markets its services to:**

- High net worth individuals in Mexico
- Hispanics/US citizens and residents

● **Growth Strategy:**

- Grow organically by creating a dedicated sales force which focuses on the Hispanic population, including high net-worth Mexican nationals and Mexican-Americans residing in the U.S.
- Currently has approximately \$1.2 Billion in assets.

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## Synergies

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● **INB and Banorte Securities clients will benefit from expanded services from both Institutions:**

- Banorte Securities will refer clients to Inter National Bank, seeking bank accounts not available at BSI.
- Inter National Bank will refer clients to Banorte Securities that seek brokerage accounts not available at Inter National Bank.
- Inter National Bank can provide loans to BSI customers wishing to use their brokerage accounts as collateral.

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## Commercial/Retail Banking

- **Inter National Bank was targeted because it was:**



- ***Financially Strong***

- Well-capitalized bank
- High-quality loan portfolio
- Profitable banking business

- ***Well-Managed***

- Solid management team

- ***Appropriately Sized - \$1.4 Billion in Assets***

- Complements Banorte's existing operations, with minimal impact on financial and management resources.
- Achieves strategic objectives and synergies
  - Product capability
  - Loan generation capability

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## Commercial/Retail Banking (cont'd)



- ***Participant in Key Target Market***

- South Texas is ideal location for GFNorte's initial entry into the U.S. banking sector
  - Close economic and business cultural links between Texas and Northeast Mexico
  - Northeast Mexico is GFNorte's strongest market

- ***Historically Served Mexican Nationals***

- INB has historically met the needs of the communities it has served and is well positioned to serve Mexican Nationals, providing products to more efficiently and effectively serve those customers

- ***Improve Banorte's International Product portfolio:***

- Banorte's principal competitors in Mexico have all established a substantial presence in the U.S. market); and

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## Benefits of INB Acquisition

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- **INB is a well-managed institution in a high growth region.**
  - Growth is fueled by construction and real-estate sectors, bilateral trade, and other commercial activities, for which INB is an important lender.
  - INB serves a market with a large middle-income Hispanic population, similar to Banorte.
- **INB retained its management to continue to operate the bank for the coming years. Previous shareholders and Board of Directors remain and continue to be involved in the operations of the Bank.**
- **Banorte will serve as a source of lower cost funding for INB and additional capital for future bank acquisitions.**

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## Synergies

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- **Banorte USA is looking to achieve various synergies:**
  - Banorte and Inter National Bank will form a bridge between the U.S. and Mexico, particular in Northeastern Mexico, for businesses and individuals with cross-border relationships
  - INB's products can be marketed to high net-worth Mexican Nationals.
  - INB's private banking to US Nationals will be strengthen through the services of BSI
  - Bi-national financial products: credit cards, individual loans, consumer loans, mortgages
  - Product Development to served the Hispanic Population:
    - Synergies with UniTeller's customers seeking financing for their homes in the US (HNMSA) or in Mexico (SHF)
  - Products and Services to Businesses:
    - Trade Finance, Foreign Exchange, Online Banking, Checking Products, Treasury Services

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## Synergies (cont'd)



### ● Banorte and INB clients are already benefiting from expanded services from both banks:

- Free fund transfers between Banorte and INB savings and checking accounts
- Free withdrawal and account balance inquiries in ATM's at both Banks
- Acceptance of Banorte checks at INB for deposit with next day availability, and vice-versa.
- Bi-national Mortgages (residential and tourist locations)

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## Remittances Market



### ● Banorte has being a strong payer of remittances to customers in Mexico

- Payment agreements with more than 30 U.S. Licensed Remittance Companies (including UniTeller) and 3 major U.S. banks (Bank of America, Chase, and Wells Fargo)
- Over to 4 Million remittances paid in 2006 totaling \$1.6 Billion (7% Mkt Share)
- Banorte has been promoting Banking the Beneficiaries of remittances
  - Over 50 Thousand Enlace Express Accounts (without fees)

### ● Strategy: Vertical Integration:

- Acquisition of UniTeller will streamline GFNorte's remittance service
- Access to a large number of under-served clients on both sides of the border – additional business opportunities
- Promote remittances to Banorte, and Banking of beneficiaries
  - Complements Banorte's bancarization effort

### ● UniTeller will benefit from additional financial resources, and correspondent banking relationships in the US as well as in other parts of the world

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## Banorte: Agreements with Major Corporations & Financial Institutions



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## Uniteller



- Acquisition of 100% of UniTeller
- Transaction Closed on Jan. 18, 2007
- High Growth Industry:
  - 15% - 20% growth annually
  - Estimated \$50 billion in remittances from the U.S. to Latin America in 2006 billion (close to \$25 billion to Mexico alone)
- **Background:**
  - Based in New Jersey
  - \$1.12 Million transfers per year
  - Agent Network in the US: 1,000 collection agents in 41 States
  - Strong payment network: Over 4,000 payment points in 19 countries including top remittance destination countries
    - Strong payment network in Mexico's rural areas, complementing Banorte's banking network
    - Guatemala, Philippines, El Salvador
  - Strong compliance culture
  - Attractive technological infrastructure with enough capacity to support immediate growth

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## Uniteller (cont'd)

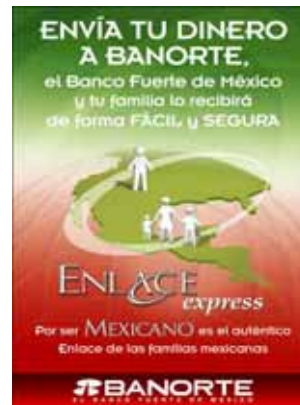


### ◆ Projects in Progress

- Account Link (deposits to an account)

### ◆ Product Improvements

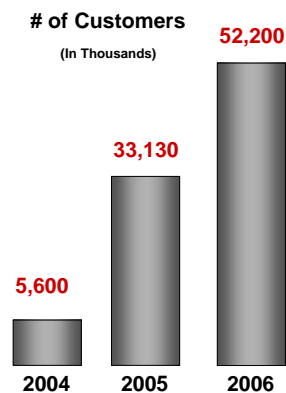
- Discounts on remittances from U.S. from Uniteller and Banorte
- Payment options to Banorte accountholders
- Marketing campaigns in conjunction with other U.S. transmitters to promote remittances



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## Opportunity to integrate the non-banked:

- ◆ Enlace Express is Banorte's equivalent to free checking in the U.S. This product is debit-card based and has no minimum balances or monthly fees.
- ◆ Since its inception, the Enlace Express product has achieved significant progress.



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