Successful placement by banorte for 300 million dollars

19 Jul 1999

The transaction was 50 million dollars more than originally anticipated
The funds generated by the placement will favor export customers with term financing and competitive rates.
In a practically closed market, only the best firms will interest foreign investors.

Monterrey, Nuevo Leó, July 20, 1999 - Banco Mercantil del Norte, S.A. (Banorte), principal subsidiary of the Banorte Financial Group, closed yesterday with a sale of bonds for US$300 million in the United States and Europe. The bonds are secured by remittances by check, current and future.

This transaction reflects the confidence of international investors in the strength and solidity of Banorte, since, in addition to marking the first entry of the Mexican Bank into international financial markets in 1999, it was also done successfully.

The underwriters, Bank of America Securities, confirm this, since it was oversubscribed with respect to the size it had originally anticipated, which was US$250 million.

Banorte used an innovative structure, by issuing US$200 million of the bonds secured by one of the principal consortiums of international insurance companies.

The secured bonds were rated by Duff & Phelps Credit Rating Co. as AAA, and by Standard & Poor's as AA. The unsecured US$100 million also received a high rating, having received from Moody's Investor Services a Baa1 which is above the minimum required for the investment level.

These ratings were attributed to the strength of Banorte and its business of remittances as well as the solid structure of the transaction. This innovative financing permitted Banorte to obtain a large portion of bonds with a final maturity of seven years.

The period of the transaction is among the longest and its ratings among the highest acquired by an underwriter of future remittances, not only in Mexico, but in the rest of the world.