Banorte carries out a successful issue of underling and indexed debentures

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Monterrey, N.L., November 28 2002. Banco Mercantil del Norte carried out today in México the placement of an issue of debentures for 1,136 million pesos successfully. The operation will enable the institution to have long term funding and simultaneously to strengthen its capital by increasing its capitalization ratio in 1.5 percentual points, from 13.8 % to 15.3%, which will make it possible to expand substantially its loan portfolio.

Othón Ruiz Montemayor, director general of Grupo Financiero Banorte, stated that the group takes advantage of the conditions in the market to ¿guarantee the growing pace that we are currently having¿. He explained that the current capitalization ratio of Banorte is highly satisfactory, since it is at 13.8%, with a loan portfolio, without Fobaproa/IPAB, of 52 billion pesos.

From the placement date and as long as they are not amortized, they will generate a gross annual interest rate over its adjusted nominal value which the issuer ¿ el Banco Mercantil del Norte S.A ¿ will determine half-yearly at the beginning of each period, for which the issuer will consider a Gross Annual Interest Rate of 8.0%, which will be fixed during the first 5 years of the issue.

Accrued interests will be paid half-yearly in Domestic Currency, during the issue life. The subordinated debentures have been placed at 100% in México. For this placement, the top-ranking position of Banorte in the Mexican Financing System was very important, so that the following must be pointed out:

- It ranks fourth place in the mexican banking system in terms of assets and deposits.
- It ranks third place in terms of loans with 17.2% market share and a 142 billion pesos portfolio.
- It ranks fourth place in number of branches, with 1,069 at a national level.
- It has the lower past due loan rate against the three largest banks in the country, and its loan loss provisions represent 119% of past due loans.
- It ranks second place in capitalization, and first place considering 2003 rules.

Main Characteristics of the Offer:

- **Issuer:** Banco Mercantil del Norte
- **Type of security:** Subordinated Debentures, Nonpreferential, Noncumulative, Indexed at the Exchange rate, Nonconvertibe into stocks.
- **Rating: FITCH AA-**
- **Term**: Ten years
- **Interest Rate**: 8% Fixed in dollars for the first five years, then revised with a floor of 8% and a ceiling of 10%.
- **Half-yearly coupon**.

Ballon payment at maturity and signature guarantee.