

Banorte attains an important decrease in its IPAB loans

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Monterrey, N.L. December 22, 2004.- Banco Mercantil del Norte (Banorte) announced today an issue of a 5-year term note for Ps 46 billion at a daily average TIIE (interbank) rate plus 40 basis points.

This note is the product of securitizing the IPAB loans granted by the government during the cleaning up process of Bancrecer when adquired by Banorte in 2001.

With this transaction Banorte optimizes the administration of this type of assets and also offers investors an attractive instrument.

The securitization of this loan, along with pre-payments for Ps 13.6 billion that the IPAB has made during this fourth quarter, reduces the IPAB loan balance in Banorte by 83% vs. 3Q04, and enables Banorte to improve its loan portfolio mix ending with an IPAB and Fobaproa loan balance of Ps 12.2 billion.

The medium term note will accrue and pay interests on a monthly basis and the principal will be paid at maturity, or in installments without a specific date should the IPAB make pre-payments on the securitized loan.

This issue received the highest ratings by Standard & Poor's, Moody's and Fitch, that is mxAAA, Aaa.mx and AAA(mex), respectively. The broker in this operation is Casa de Bolsa Banorte, S.A. while JP Morgan Bank is the trustee, and Monex Casa de Bolsa, S.A. the common representative.