

Banorte Securitizes vehicle tax income in the state of Veracruz

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Mexico, D.F. December 5, 2006.. Grupo Financiero Banorte and the Department of Finance of the State of Veracruz finalized the first public offering of stock certificates based on the income from the Vehicle Property or Usage Tax for a sum in UDIS equivalent to five billion 193 million pesos.

It is the first securitization of its kind, as it is made by a State of the Mexican Republic and because it reached the highest sum placed in a structured issuance.

The reference rate level of this securitization is: 30-year Udibono + a 128bp spread. The Banorte Brokerage House and Vector Brokerage House are the brokers.

The revenue obtained by the placement will be used to pay the entire amount of the State's banking liabilities for nearly PS3.3 billion whereas the rest will be used for public investment in production in the state. It is important to point out that thanks to this issuance's structure, Veracruz created a mechanism that will enable it to allot funds to productive projects through the Vehicle Property Tax Trust Administrator.

This transactions may start a trend to be followed by other states in the country as it enables them -as in the case of Veracruz- to obtain additional financial resources without depleting their finances in any way.

With innovative and attractive instruments, Banorte -el Banco Fuerte de México- strengthens its position as the undisputed leader in financing schemes variety and availability at the disposal of the country's state and municipal governments.