

Banorte is the first Bank in Mexico to securitize mortgage loans

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Mexico, D.F, December 18, 2006. Today, Banco Mercantil del Norte (Banorte) became the first banking institution in Mexico to issue Mortgage-Backed Bonds (BORHIs), for a sum of Ps 2,047,425,100.00 and an approximate 15-year term, and which is part of a program whose total sum adds up to Ps 10,000,000,000.00 which will be effective for 5-years. This first issuance is the largest placed in the market so far.

The amount issued for the Preferred A Series is Ps 1,985,382,000.00, and Ps 62,043,100.00 for the Subordinate B Series, at very favorable rates of 8.27% and 9.45%, respectively.

The main rating firms gave the A Series (BORHIs) of the issuance structure the highest local ratings: Standard & Poor's, mxAAA; Fitch Ratings, AAA(mex); and Moody's, Aaa.mx.

For the B Series the ratings were: Standard & Poor's, mxA+; and Fitch Ratings, A+(mex), which are the highest scores assigned to a BORHIs subordinate bond.

The loan portfolio that backs up the issuance is made up of 3,931 high-quality fixed-rate loans in Mexican pesos. The geographical distribution of the loans is primarily centered in the states of Nuevo León and Jalisco, as well as in the Federal District.

The BORHIs are part of a strategy implemented by Sociedad Hipotecario Federal (SHF), whose objectives include facilitating access to funds in order to increase the demand for mortgage loans and to promote substantial reductions in the interest rates paid by the borrowers.

The Issuing Trustee was Banco Invex, S.A.; the Trustor and Administrator is Banco Mercantil del Norte, S.A.; whereas the Broker was Casa de Bolsa Banorte, S. A.; and the Common Representative is Monex Casa de Bolsa , S. A. de C. V.