

# Grupo Financiero Banorte reaches a merger agreement with Ixe Grupo Financiero

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Monterrey, N.L. November 17th, 2010.- As a follow up to the material event published on October 19th, stating that Grupo Financiero Banorte S.A.B de C.V. ("GFNORTE") (BMV: GFNORTEO) and Ixe Grupo Financiero S.A.B. de C.V. ("IXE") (BMV: IXEGFO) had reached an agreement to pursue an integration mechanism, GFNORTE informs that after completing the due diligence process, both institutions have reached a binding merger agreement. This agreement is subject to customary regulatory and corporate approvals. We estimate the transaction to close during the first quarter of 2011.

The merger of both institutions will be carried out through an exchange of newly issued GFNORTE shares for IXE shares, at an exchange ratio of 0.389 GFNORTE shares per IXE share. The transaction's total value is currently estimated at approximately Ps. 16.2 billion. As a result, GFNORTE will issue 308,010,234 new shares.

The operations of both entities will be integrated in one financial group, which is expected to be named Grupo Financiero Banorte - Ixe, and will consolidate its position as the leading financial institution controlled by Mexican shareholders while maintaining solid capitalization levels. This is the largest transaction in Mexico's banking sector for nearly a decade, strengthening the presence of domestic capital in the national financial system.

Banorte - Ixe will become the third largest financial institution in Mexico, according to CNBV's data as of June 2010, with total assets of approximately Ps. 6.98 billion (13.9% of the banking system), a Ps. 2.92 billion loan portfolio (15.2% of the banking system), core deposits of Ps. 3.12 billion (15.3% of the banking system) as well as a distribution network of 1,263 branches (11.5% of the banking system), 5,034 ATMs (14% of the banking system) and 63,723 POS terminals. It will cover practically all market segments and will have an extensive nationwide coverage.

Roberto González Barrera, GFNORTE's Chairman said, "The combination of both institutions highlights our commitment, strength and dedication to remain a strategic partner in the development of Mexican families and businesses. Banorte - Ixe will be better positioned to play a leading role in the expansion of banking and lending activities to the benefit of all Mexicans. In addition, Alejandro Valenzuela, GFNORTE's CEO, stated "The integration of these two highly complementary platforms will strengthen GFNORTE's business model and its position as one of Mexico's leading financial institutions. Banorte - Ixe will become one of the main participants in corporate finance, capital markets, private banking, mutual funds and investment management. The merger will allow us to offer Banorte - Ixe's customers the best products and services in the market, with the same quality and service standards they have become accustomed to. The value-creation opportunities are significant".

GFNORTE believes that the combination of both institutions may lead to significant cost and revenue synergies that will translate into increased profitability and strengthened market presence nationwide. The necessary synergies for this transaction to have a positive contribution to EPS in the first full calendar year after the merger is completed represent 5-6% of the combined entity's operating expenses. To the extent that these synergies are realized, the transaction will create significant value for the new institution, and will increase future earnings.

The combined entity will be the only institution with two branch networks differentiated by the market segment they cater, allowing it to offer premium banking services. Banorte - Ixe will benefit from the largest network in northern Mexico, coupled with Ixe's successful franchise in Mexico City and its metropolitan area. In addition, there are joint business opportunities in SME's, leasing, mutual funds and wholesale banking, as well as opportunities to leverage IT, brokerage and consumer banking platforms. The combination of both factoring companies will propel Banorte - Ixe to a leadership position in this segment.

Banorte - Ixe remains committed with its investors to permanently evaluate alternatives to consolidate its presence as one of the top three institutions in the Mexican financial system.

GFNORTE was advised by Estructura Partners and Atlas Strategic Advisors for this transaction.

GFNORTE reiterates its commitment to the financial community and investors to maintain modern and transparent information disclosure, strictly in compliance with Mexico's "Ley de Mercado de Valores" (Securities Market Law).

About GFNORTE

Grupo Financiero Banorte is one of Mexico's leading financial institutions. Its bank subsidiary Banco Mercantil del Norte, is the nation's third largest in terms of deposits and loans. It has more than 1,100 branches, 4,800 ATMs and 54,000 POS terminals that serve more than 8.5 million banking customers, while 8 million additional customers are served by the group's pension fund manager (AFORE) and insurance companies. GFNorte also offers brokerage products and services, private banking, mutual funds, leasing and factoring, warehousing, insurance, pensions and retirement savings. Banorte has presence in Southern Texas through Inter National Bank, as well as in New Jersey and California through the remittance companies Motran and Uniteller, and in New York through Banorte Securities International. Banorte's strategic partners are the International Finance Corporation (IFC), a stakeholder in the Banco Mercantil del Norte subsidiary, and Generali, a leading Italian insurance company, in its insurance and long-term savings operations. Banorte has some of the best loan quality indicators in Mexico's financial system and presents high capitalization and liquidity levels.

#### About Ixe

Ixe Grupo Financiero ("Ixe") is a publicly traded financial group based in Mexico. It's focused on offering top quality products and services to individual and corporate clients. Ixe, through its main subsidiaries, offers commercial banking services, corporate lending, factoring, investment banking, private banking, brokerage, asset management and auto and mortgage, among others. Ixe distributes its commercial banking products through an innovative network of 155 branches in Mexico's main cities (85 in the Mexico City metropolitan area), and offers a direct bank experience to its clients through home delivery services, a top rated on-line platform (Ixe Net), as well as a full-time phone banking service (Ixe Directo). Ixe has world class partners in several business lines, including a 50/50 joint venture in credit cards with JPMorgan Chase. Ixe has invested significant resources in information technology in an effort to offer innovative products and faster services in a safe environment. Ixe is fully committed to keep supporting its clients in all their financial needs with the highest quality standards.