

# Banorte ¿ Ixe merger reverts the tendency foreign outsourcing for banking

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Monterrey, N.L. November 17th, 2010. Following the outstanding event published on October 19th, in which 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 agreed to look for an integration mechanism; both institutions reported that after having conducted the corresponding audits, they have reached a linking merger agreement for the two financial groups. This agreement is subject to authorization from the corporate bodies and the corresponding authorities. This transaction is estimated to be completed sometime in the first quarter of 2011.

The coalition of both institutions will be carried out through an exchange of a new emission of GFNORTE shares for IXE shares, at an exchange of 0.389. The current total value of this transaction is approximately of Ps16.2 billion for which 308,010,234 shares of GFNORTE will be issued.

The operations of the 2 institutions will be integrated under a single financial group that will be denominated Grupo Financiero Banorte-Ixe, consolidating its position as the main financial institution controlled by Mexican shareholders and retaining its solid capitalization level. This is the most important Mexican transaction in the bank sector in the last decade reverting the tendency of foreign outsourcing for banking that was the tendency since the mid 1990s.

With this merger, Banorte-Ixe becomes the third most important financial institution in Mexico, according to CNBV data to June 2010, with total assets of approximately Ps 698 billion (13.9% of the system), a loan portfolio of Ps 292 billion (15.2% of the system), deposits for Ps 312 billion (15.3% of the system), as well as a distribution network with 1,263 branches (11.5% of the system), 5,034 ATMs (14% of the system) and 63,723 point of sale terminals. Coverage will include practically all market sectors with ample national coverage.

Don Roberto Gonzalez Barrier, President of the Board of Directors of GFNORTE, commented "The combining of both institutions emphasizes our commitment, strength and vocation to continue being a strategic partner in the development of Mexican families and companies. Banorte-Ixe will be better positioned to play a key role in the expansion of banking and loan activity in the country, all of which will benefit Mexicans."

Enrique Castillo Sanchez Mejorada, President of IXE's Board of Directors commented: "A coalition with Grupo Financiero Banorte will unite the strengths that the two organizations possess, making both institutions more competitive, more efficient and more solid. In short, to make the most of each company's strengths. We are convinced that each complement our respective trademarks, diverse lines of business, client sectors and geographical presence in the commercial network. Additionally, the sum of the financial strengths of both institutions will guarantee an excellent position to face challenges and take advantage of opportunities that arise in the market, with the firm commitment of continuing to offer our clients top quality innovative products and services that satisfy their financial needs. This merger signifies a very important step for Ixe by transforming, together with Banorte, into the third financial group in the country in practically all of our business activities - proudly Mexican."

For his part, Alejandro Valenzuela, Chief Executive Officer of Grupo Financiero Banorte, stated, "The combination of these two highly complementary platforms will strengthen GFNORTE's business mold and its position as one of the leading financial institutions in the country. Banorte-Ixe will become one of the main participants in corporate financing, capital operations, private banking, investment societies and assets under management. The coalition will allow us offer clients of Banorte-Ixe the best products and services on the market, with the same standard and quality of service that they are accustomed to. Opportunities for the creation of value are very significant."

GFNORTE considers that the combination of both institutions will be able to generate important cost and revenue synergies, allowing profitability to increase and solidification of market presence on a national level. The synergies necessary for this operation to have a positive contribution to EPS in the first calendar year after the merger represent between 5-6% of the combined operation expenses. In the measure in that these synergies materialize, the transaction will generate significant value for the new institution and will increase future profits.

The combined entity will be the only institution with 2 branch networks differentiated by the market segment that they serve, allowing it to have a Premium Bank. It will be the most widespread in the northern Mexico, joined by successful IXE franchise in the metropolitan Mexico City area. Combined business opportunities also exist in the SME, leasing, investment society and wholesale banking sectors, as well as the use of the

technological, market and consumer banking platforms. Banorte-Ixe will become the most important operator in the factoring sector.

Banorte-Ixe would like to assure their investors of their permanent commitment to continue evaluating alternatives to consolidate their presence as one of the three leading institutions in the Mexican financial system.

GFNORTE was counseled in this transaction by Atlas Strategic Advisors and Estructura Partners.

GFNORTE reiterates its commitment to the financial community and its investors of maintaining modern and transparent practices with regards to the revealing of information, which strictly adhere to the regulations established by the Stock Market Law.

about GFNORTE

Grupo Financiero Banorte is one of the Mexico's leading institutions. Its bank subsidiary, Banco Mercantil del Norte, is the third most important bank in the country in terms of size of deposits and loans. It also has a network of more than 1,100 branches, 4,800 ATMs and 54,000 point of sale terminals, serving over 8.5 million bank clients and almost 8 million additional clients in the AFORE and Insurance company. GFNorte also offers products and services for trading, private banking consultancy, investment societies, leasing and factoring, warehousing, insurance, annuities and retirement savings. Banorte has presence in southern Texas through Inter National Bank, in New Jersey and California through the Uniteller and Motranremittance companies, and in New York through Banorte Securities International. Banorte also has International Financial Corporation as a strategic partner in the operations of its subsidiaries Banco Mercantil del Norte and the Italian insurance company Generali in its long term savings operations. Banorte is one of the banks with the better portfolio quality indicators in the Mexican financial system, and has high capitalization and liquidity ratios.

about Ixe

Ixe is a financial group with headquarters in Mexico that trades on the stock exchange. Their focus is to offer high quality products and services to individuals and corporations. Through their main branches Ixe offers commercial banking, managerial loans, factoring, investment banking, private banking, trading, investment fund management, car loans and mortgages among other services. Ixe distributes its commercial banking products through an innovative network of 155 branches in Mexico's main cities (85 in the metropolitan Mexico City area), and offers an direct banking to clients through home delivery services, one of the best rated internet banking platforms (Ixe Net), as well as a full-time telephone line of banking services (Direct Ixe). Ixe has world-class partners in several business lines, such as its alliance with JP Morgan Chase in credit cards. Ixe has made important information technology investments in an effort to offer innovative products and quicker services in a more secure environment. Ixe is committed to continue supporting its clients in all their financial needs with the highest standards in quality.