

Research Update:

IXE Grupo Financiero, IXE Banco, And Rated Subsidiaries Ratings Placed On CreditWatch Positive After Merger Agreement

Primary Credit Analyst:

Arturo Sanchez, Mexico City (52) 55-5081-4468;arturo_sanchez@standardandpoors.com

Secondary Contact:

Laurence Wattraint, Mexico City (52) 55-5081-4478;laurence_wattraint@standardandpoors.com

Table Of Contents

Overview

Rating Action

Rationale

CreditWatch

Related Criteria And Research

Ratings List

Research Update:

IXE Grupo Financiero, IXE Banco, And Rated Subsidiaries Ratings Placed On CreditWatch Positive After Merger Agreement

Overview

- Grupo Financiero Banorte and IXE Grupo Financiero had entered a binding agreement to merge.
- We believe that IXE Grupo Financiero and its rated subsidiaries can benefit from being part of a larger, more diversified, and stronger group.
- We are placing IXE Grupo Financiero and its rated subsidiaries ratings on CreditWatch with positive implications.
- We aim to resolve the CreditWatch listing once the agreement is closed and all related parties, including Mexican regulators, approve it.

Rating Action

On Nov. 17, 2010, Standard & Poor's Ratings Services placed its ratings on IXE Grupo Financiero S.A.B. de C.V. (IXEGF), IXE Banco S.A. (IXE Banco; BB/Stable/B), and all its rated subsidiaries (see list below) on CreditWatch with positive implications. The rating action follows Grupo Financiero Banorte S.A.B. de C.V. (GFB; not rated), the holding company of Banco Mercantil del Norte S.A. (Banorte; BBB-/Stable/A-3), announcement that it has entered a binding agreement to merge with IXEGF. The transaction will be carried out through an exchange of newly issued GFB shares for IXEGF shares. The operations of both entities will be integrated in one financial group, which is expected to be named Grupo Financiero Banorte - IXE.

Rationale

We believe that this agreement could benefit IXEGF and its rated subsidiaries primarily in terms of financial flexibility, by being part of a larger, more diversified, stronger group. The agreement includes all of IXEGF subsidiaries and their respective liabilities. On the other hand, we believe that this acquisition would result in further improvements in Banorte's business profile, especially in terms of geographic and client diversification (please see "Banco Mercantil del Norte Global Scale 'BBB-/A-3' Ratings Affirmed, In Anticipation Of Merger With IXE Grupo Financiero," published on Nov. 17, 2010, on RatingsDirect.)

Currently, the ratings on IXE Banco--IXEGF main operating subsidiary--continue to reflect the bank's aggressive expansion strategy that continues to result in poor profitability levels and its moderate capitalization measures. The

ratings gain support from IXE Banco's good asset quality, as well as its adequate liquidity and funding profile.

CreditWatch

As usual, the transaction is subject to shareholder and regulatory approvals, which is expected to close during first-quarter 2011. If it is completed, we will likely raise the ratings on IXEGF, IXE Banco, and its rated subsidiaries. However, the level to which the ratings on the entities will be raised will depend on our final assessment as to the integration and our view of its group status within the new financial group, and whether they will remain legally existing entities. If, contrary to our expectations, the transaction is not completed, we would affirm IXEGF and all related entities at their current levels.

Related Criteria And Research

- Bank Rating Analysis Methodology Profile, March 18, 2004
- Use Of CreditWatch And Outlooks, September 14, 2009
- Financial Institutions Group Provides More Transparency Into Adjustments Made To Bank Data, April 26, 2007

Ratings List

Ratings Affirmed; CreditWatch Action

	To	From
IXE Grupo Financiero SA De C.V. Counterparty Credit Rating National Scale	mxA-/Watch Pos/mxA-2	mxA-/Stable/mxA-2
IXE Banco, S.A. Counterparty Credit Rating Global Scale National Scale	BB/Watch Pos/B mxA/Watch Pos/mxA-2	BB/Stable/B mxA/Stable/mxA-2
Junior Subordinate Certificate of Deposit	B/Watch Pos BB/Watch Pos/B	B BB/Stable/B
IXE Casa De Bolsa, S.A. de C.V. Counterparty Credit Rating National Scale	mxA/Watch Pos/mxA-2	mxA/Stable/mxA-2
IXE Automotriz, S.A. de C.V., SOFOM, E.R. IXE Grupo Financiero Counterparty Credit Rating National Scale Commercial Paper	mxBBB+/Watch Pos/mxA-2 mxA-2/Watch Pos	mxBBB+/Stable/mxA-2 mxA-2

*Research Update: IXE Grupo Financiero, IXE Banco, And Rated Subsidiaries Ratings Placed On Credit Watch
Positive After Merger Agreement*

Fincasa Hipotecaria, S.A. de C.V. S.F.O.M. E.R.

Counterparty Credit Rating

National Sale

mxBBB/Watch Pos/mxA-2

mxBBB/Stable/mxA-2

Commercial Paper

mxA-2/Watch Pos

mxA-2

Complete ratings information is available to RatingsDirect subscribers on the Global Credit Portal at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

Copyright © 2010 by Standard & Poor's Financial Services LLC (S&P), a subsidiary of The McGraw-Hill Companies,

No content (including ratings, credit-related analyses and data, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. S&P, its affiliates, and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P's opinions and analyses do not address the suitability of any security. S&P does not act as a fiduciary or an investment advisor. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.